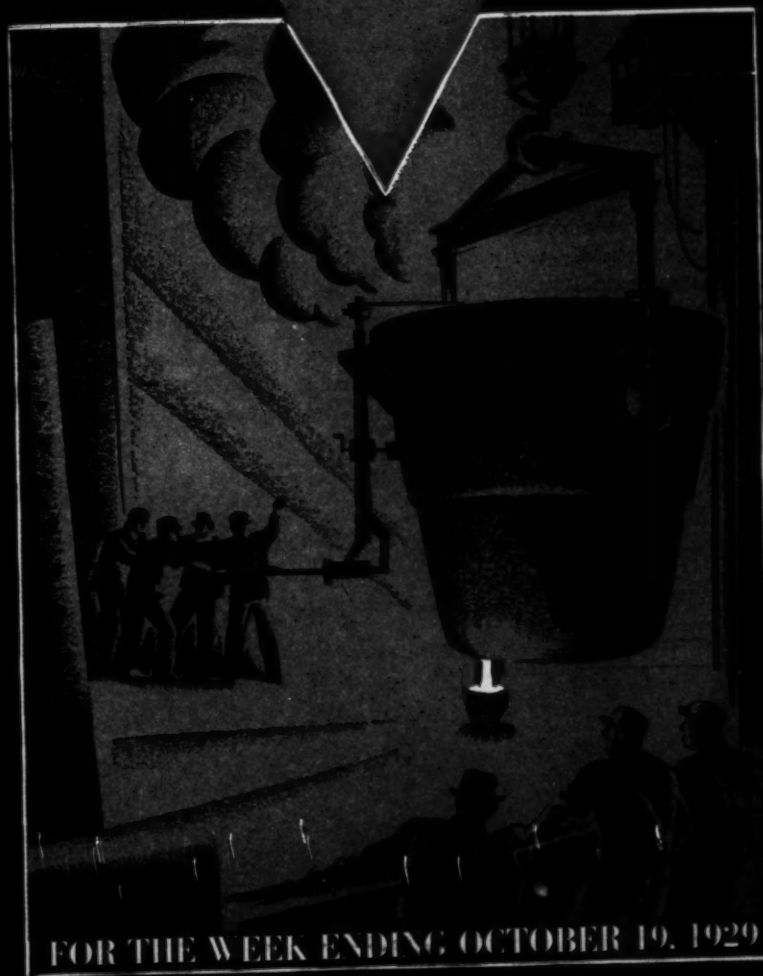
THE BUSINESS WEEK



FOR THE WEEK ENDING OCTOBER 19, 1929

A McGRAW-HILL PUBLICATION
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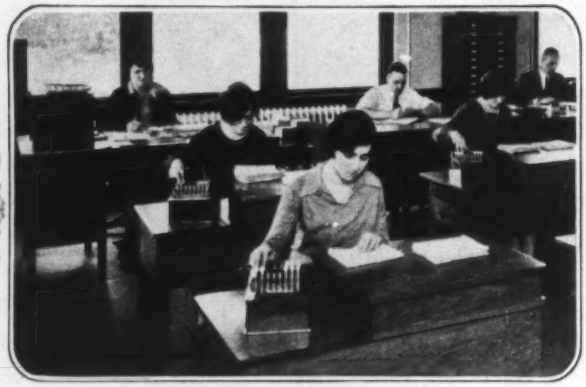

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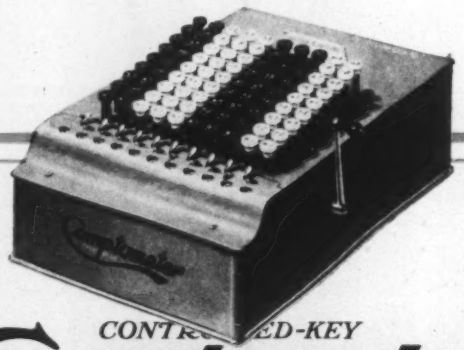

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A JOURNAL OF BUSINESS NEWS AND INTERPRETATION

FOR THE WEEK ENDING
OCTOBER 19, 1929

Business Outlook—Unsettled, Somewhat Cooler

DESPITE official reassurances, business sentiment has been somewhat clouded this week by further evidences of declining activity in the heavy industries and by continued weakness in the stock market. These developments, though in some respects unseasonable, are quite natural. But American business is hard to please. Its chronic boom complex is not satisfied with new records for nine months, surpassing every previous year in steel and automobiles. It ignores the fact that in most lines general business remains quite healthily above last year's level. It wants everything to keep on going up forever, and when that economic miracle doesn't quite happen, concludes that things are going to the dogs.

Important as the big three—building, automobiles, and steel—are, this is not yet a one-industry country. The total turnover of American business is so vast that wide fluctuations in even a few basic industries do not much disturb the slow and regular growth of general trade except in extraordinary periods of economic catastrophe like that following the war.

Now, of course, the crucial weaknesses of such periods—price inflation, heavy inventories, over-extension of commercial credit—are totally absent. The banking position is exceptionally strong, production is closely controlled, retail trade and general employment are well sustained, and even some of the long invalid industries like coal and textiles are up and about with unusual vigor while the overworked heavies are taking a little rest.

The security market seems to be suffering only an attack of stock indigestion. Its appetite for solid, substantial food like bonds shows signs of returning.

There is additional reassurance in the fact that, should business show any further signs of fatigue, the banking system is in a good position now to administer any needed credit tonic from its excellent Reserve supply.

The Farm Board Faces The Future

AFTER a severe cross-examination by the Senate Committee on Agriculture and several hours of oratorical attack in the Senate, President Hoover's eight appointments to the Federal Farm Board were all finally confirmed this week. The ordeal to which the members have been subjected in this process is of great significance in forecasting the future work of the Board and its probable effect upon agricultural conditions.

It is now clear that the Board sets out upon its work facing a hostile and suspicious Congress, disappointed with the results of its farm relief legislation so far, differing in fundamental respects with the views of members of the Board regarding the policies the Board should pursue, and determined to exercise constant pressure to make the Board meet the Congressional views.

More unfortunate is the obvious fact that the Farm Board is working under a piece of farm relief legislation which

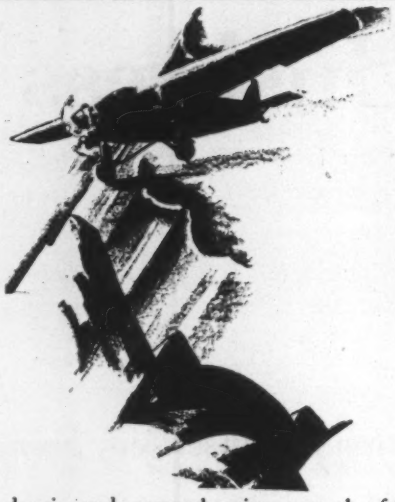
is still unsatisfactory to nearly everybody concerned. Moreover the meaning and the purpose of it are not clearly understood or agreed upon by anybody, despite the long years of discussion which preceded its enactment.

The law was passed as a compromise and a sop to the farmer. It is now obvious, after the wrangle over the nominations, that the whole problem of agricultural relief is as wide open as before.

Congress is still bent upon some experiment in governmental price-fixing of farm products, especially of the staple crops, wheat and cotton. The Senate has never been reconciled to the inflexible opposition of the President to any such policy, and some members still talk of trying to put over the export debenture plan as a rider tacked to the Tariff Bill. In the Committee hearings the Farm Board members generally showed their skepticism about the idea that the Board should or could raise or fix agricultural prices by buying and holding the staple crops, although several members in supplementary letters to the Committee showed signs of recanting.

Carl Williams, representing cotton (on a six year appointment), revised his conservative estimate of what cotton should be worth and agreed the Farm Board would do everything possible to give the farmer the highest price obtainable for his cotton. Chairman Legge indicated that in an indefinable emergency the Board would not confine itself merely to strengthening the hands of co-operatives but would use government funds through co-operative organizations to buy up and remove crops from the market for a higher price, the government to bear any loss involved.

The Board is obviously aware of the dangers in any such efforts and is disposed on the whole to adhere to the policy of using government funds to help build up co-operatives, in the hope that they may in time be able to control the market themselves. But Congress, and even some of the government experts in the co-operative field are not inclined to take much stock in this idea. They know that there are inherent weaknesses in the co-operative movement in this country, and that the resources required to finance them in any gamble in staple crops against the world market would be enormous and the chances of loss staggering. No such effort can be successful in raising prices without some



drastic and comprehensive control of production.

There is just now, however, a world-wide epidemic of efforts to fix prices of agricultural commodities. The Farm Board will probably be forced against its better judgment to try its hand at this game. Much will depend, however, upon whether the Canadian wheat producers win or lose in the gigantic gamble they are now engaged in (described on page 29).

Washington Optimistic On Business Outlook

BUSINESS outlook in the United States is good, high Washington officials believe. The most serious dark spot is the credit situation but there is a united belief that this is working itself out. Surprising unanimity of opinion was found by THE BUSINESS WEEK to exist among the highest officials.

The year 1929 will be much better as a whole than 1928, and much the best on record. Business may continue slightly slower for the rest of the year, but will still be at an unusually high level compared with the past.

Washington is satisfied that business everywhere is obtaining adequate funds. Higher rates of interest prevail, but no shortage is seen. The high rates are acting as a brake but, in most cases, this is believed beneficial. Over-building and over-production are discouraged. At the same time a backlog is being built up for the future in that considerable building, particularly public construction, is being delayed. This will begin with any easing in money and thus help to prevent serious recession.

High interest rates are speeding the merging of smaller business and industrial units. The bigger unit can borrow more easily and at lower rates; smaller units suffer this inequality for a time, then combine.

In both the Treasury and Commerce departments officials express the belief that the credit situation is working itself out. The recent market decline is a movement in the right direction. Further readjustment is not unexpected and a considerable decline in brokers' loans is believed at hand. Washington is worrying far less about brokers' loans, however, than a month or a year ago.

Return to purchase of securities for income is seen as a certain development. Secretary Mellon's advice to buy bonds last spring is even better now than then. The high yield on bonds, as contrasted with the low yield on stocks, is certain to gain increasing recognition in time.

A danger period is at hand, however. Late October and early November has marked the birth of several stock market booms. Credit tends to ease slightly in the period. Such a development would be most unfortunate this year.

The Federal Reserve system has done what it can and now can only keep itself in a strong position and wait. Abnormal forces have developed which the system cannot control. Its influence is large, however; it has been and is utilizing that. Any major Federal Reserve action in the near future, therefore, is unlikely.

Jugoslavia Reaches Toward Sea

By Special Cable

JUGOSLAVIA, rich in minerals, timber, grain, is to have a modern port on the Adriatic, a new railroad to connect it with the rich hinterland; will enter aggressively world markets.

This week construction started on the Belareka tunnel through the formidable Dalmatian mountains. Once this grim barrier is pierced, the railroad, already constructed from Belgrade, will drop rapidly down to the little port of Cattaro (Kotor), Jugoslavia's choice of several natural harbors on the Adriatic. Jugoslavia foresees new wealth in foreign trade.

To build the road Jugoslavia is using a large part of the $9,250,000 (1922), $30,000,000 (1927) loans floated in New York by Blair and Company.

More Wheat May Mean More Trouble

WHAT individual farmers scattered through the wide spaces of the West are doing in their fields these days may have an important influence on business next year. This is planting season for winter wheat, the main part of our wheat crop. Those interested in agricultural policy as well as in next year's business are watching the behavior of farmers in the present situation with close attention. The Farm Board is also watching, because its problems next year will depend largely upon what is going on now.

The prospect of Farm Board aid in marketing and in getting better prices for wheat, as well as other farm products, has made farmers optimistic. When farmers are optimistic they plant more crops. The demand for farm land and farm land prices increase. Farmers like to speculate as most other people do, and land is the easiest and most familiar thing in which to speculate.

Federal land banks in the corn and wheat belt report a marked revival of interest in farm property. The State Secretary of Agriculture of South Dakota (a spring wheat state) tells THE BUSINESS WEEK that there have been more inquiries for South Dakota farm land during the past six months than during any similar period for the past five years. There are evidences, too, that the old story of local land settlement booms may be repeated. Chambers of Commerce and state immigration commissions in some instances are already inviting new settlers to take up farms abandoned in the long agricultural depression and hanging heavily on the hands of local banks.

It is uncertain so far how much this optimism and this incipient land boom will mean by way of increased production in certain agricultural lines. The Department of Agriculture reported a few weeks ago that farmers were planning to increase their winter wheat acreage by 4%, and issued a warning that winter wheat prices next season would probably not be any better than they are now. Farmers' intentions, however, are not always carried out.

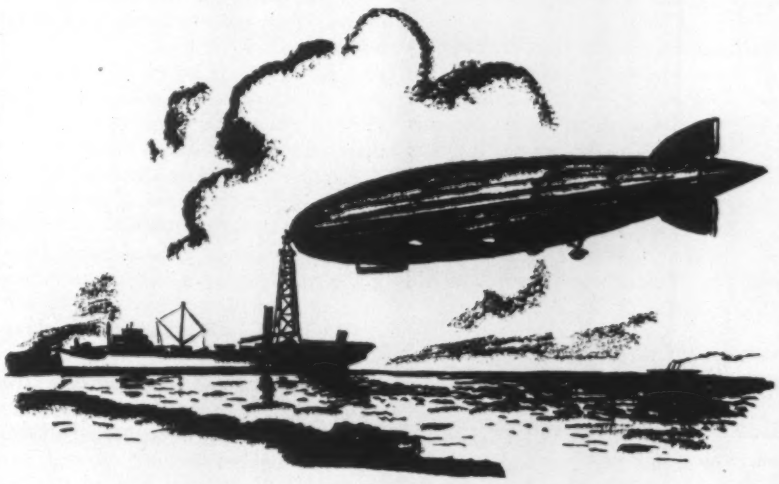
THE BUSINESS WEEK has made inquiries to ascertain what is really happening. In Kansas there have been reports of a large scale upturning of virgin grazing land in western Kansas by speculative farm corporations using the latest mass production machinery—as well as the latest method of selling stock. This speculative boom in wheat farming is supposed to be banking heavily upon Farm Board aid next year. Instances of extraordinary profits in wheat farming this year have stimulated speculative fever of this kind in some sections, and rural banks have complained of withdrawals of deposits, not for stock market speculation so much as for investments of this kind.

THE BUSINESS WEEK, however, is unable to find any definite evidence that the winter wheat acreage, as a whole, is likely to be much increased under these influences. There are local wheat booms under way here and there in western Kansas, northwestern Oklahoma, the Texas Panhandle and southeastern Colorado. Kansas plantings as a whole indicate a crop next year of about the same size as this. What is happening in Kansas is a large scale shift of wheat raising from the eastern third to the western. Live stock raising—not grazing—has been moving eastward and wheat westward.

A decrease in the Oklahoma crop as a whole is indicated. This is in line with the tendency to reduce the wheat acreage in older regions where costs are higher. Cotton can be raised more cheaply in Oklahoma than in the older cotton regions, and the chief agricultural statistician of Oklahoma says it is crowding wheat raising to the north and west. He reports to THE BUSINESS WEEK that cotton is now being raised in small amounts in southeastern Kansas and even in southern Illinois.

In some points further west owners of land never before put to wheat are giving the first year's crop to responsible farmers who will undertake to break the soil. It is on this sort of virgin land that the boom, if any, is in progress. One farmer who took a section of new land in extreme southwestern Kansas and has raised two crops of wheat by horseless farming reports that another crop next year will entirely pay for his land.

If this opening of new wheat land is offset by reductions in acreage in older wheat sections in the eastern states no great harm will result. If it is not the troubles of the Farm Board are certain to be increased next year, under the pressure being put upon it to raise the price of wheat regardless of the size of the crop.



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Sense and Flexibility Could End Tariff War

PROBABLY the only tariff bill that has a chance of passing is one embodying only what all sides are more or less agreed upon. This is the raising of agricultural duties in all cases where such will help farming without imposing burdens, especially on the farming section of the population, greatly outweighing prospective benefits for relatively small groups of producers, with "adjustments," in the main upward, of some industrial duties. Most of this might be achieved via present flexibility,

speeded up. The President can make a 50% change in any of the present rates; he can make almost any increase in ad valorem rates by changing the basis of valuation to American selling prices.

The present law doesn't require that he await Tariff Commission investigations and reports. He can make investigations independently of the Commission. The Commission has been doing this because of (1) an implied duty to investigate and report by its own initiative and (2) an executive order, which can be changed or annulled at any time, designating it as the agency of investigation for the President.

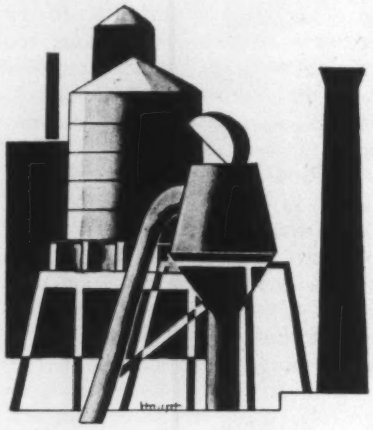
The President could perfect the Commission as an agency of investigation for him, and cause its actions to be speeded up, were he given power to reconstitute the Commission. A satisfactory compromise of all views in the tariff fight might be worked out on this basis. There was no opposition to this when that part of the present bill was considered in the House and Senate. All agree that, whatever else is done, the President should be allowed to reconstitute the Commission. A simple resolution of a hundred or so words would achieve that end.

▼

Holding Companies Make Bank Problems

DO bank holding companies actually decrease the safety of bank deposits? Theoretically at least they do. While individual bank stockholders are liable for an additional amount equal to the bank stock they hold in case of failure, stockholders of holding companies are not so liable. Publication of an article on this subject in THE BUSINESS WEEK recently has aroused considerable discussion.

Holding companies have stock in more than one bank. There is a minimum likelihood that all of the banks would fail, and if not, the double liability provision could be enforced on the holding company. The double liability provision also has been far from successful in the case of individuals. The national banking law contains such provision, applicable to national banks. But in all national bank failures in the past 10 years, only 48% recovery has been possible. Individuals frequently do not have funds to pay their assessments.



Theoretically again, holding companies should give better management on the whole to their banks, and effect better operating economies. If they do not do this they have little purpose. And this lessens the chance of bank failures. An even greater responsibility therefore rests on management.

Another possibility advanced by attorneys is that the courts, if such a case is presented, might reach back and make the holding company stockholders liable under the double provision by declaring holding companies having predominantly bank stocks to be banking institutions.

Both Federal and State officials in the country are giving much consideration to the problem. Wisconsin is attempting by law to regulate the holding companies and make them more responsible. The danger of having such laws as are now passed declared unconstitutional because they may be retroactive is present, however.

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For Frank Show-down On the Postal Deficit

THAT the Government's policy of kidding itself about subsidies is about to receive a thorough overhauling, is gleaned from remarks that have seeped from the White House during Mr. Hoover's conferences with the Postmaster General over the $95,000,000 postal deficit. A revision of accounting practices in the Post Office Department so that the costs of free services and subsidies can be listed separately, may result from these conferences.

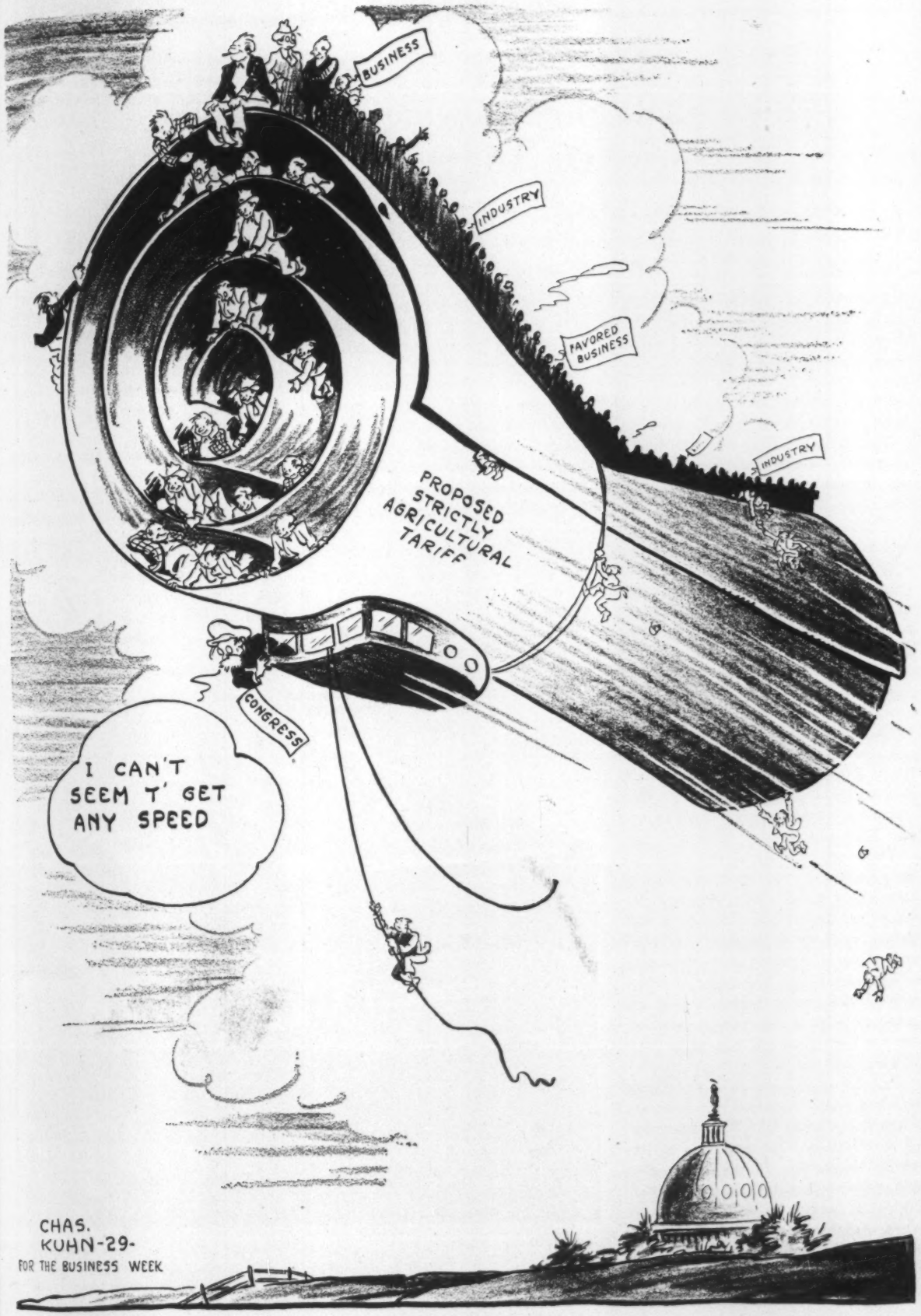
Against the $95,000,000 deficit, it is contended, free services and other gratuitous outlays totaling $100,000,000 a year should be balanced. Yearly loss on the air mail service is $10,000,000 and a similar indirect subsidy of $12,000,000 goes to American-owned shipping lines each year in losses on ocean mail contracts. Under another section of the postal laws an amount of about $8,000,000 a year is disbursed for free distribution of county newspapers. Other drains on postal funds are found in the $50,000,000 a year loss on the rural free delivery service and the free distribution of franked matter and certain types of religious matter.

While it is not proposed that the aviation industry or the merchant marine should be denied Government aid, those who advocate a new accounting system in the Post Office contend that monies advanced these industries should not be deducted from the postal budget. Representative Clyde Kelly of Pennsylvania, who has long championed the cause of a different postal accounting method, has announced his intention of putting in a bill declaring it to be the Government's policy to determine postage rates on paid matter by the cost of giving such service.

Mr. Kelly believes that the costs of the many free services and public welfare projects should not be taken into consideration in assessing rates on paid matter. In regard to the franking privilege of members of Congress and Government departments, he takes the position that this free mail should be listed in a lump sum but not kept in separate accounts for each bureau and department. To so classify it, he asserts, would tend to disturb departmental business by setting up unfair comparisons.

As proof that the present free mailing privilege accorded the departments is unfair when the costs are deducted from the postal budget, Mr. Kelly cites the following case: The Bureau of Printing and Engraving charges the Post Office Department $800,000 each year for printing stamps. This Bureau, at the same time, expects the Post Office Department to handle all of its official correspondence free.

An impression of the amount of mail handled by the Post Office each year may be gained from Mr. Kelly's statement that, stacked in a heap, it would make a mountain containing 550,000,000 cubic feet and weighing 2,400,000 tons.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PROPOSED STRICTLY AGRICULTURAL TARIFF
CONGRESS
I CAN'T SEEM T' GET ANY SPEED
CHAS. KUHN-29-
FOR THE BUSINESS WEEK

STOWAWAYS

◄ *Automotive* ►

Who Shall Slow Down? A Few? Or All?

L. A. MILLER, new president of Willys-Overland Company, shocked the automotive industry a few days ago by announcing that annual boosting of production schedules was wrong; that his company planned no increase in its output for 1930. Then came Richard H. Scott, president of Reo Motor Car Company, indorsed Miller's stand; announced that Reo, too, would have no high pressure productive schedules.

This is news! It is the first time in automotive history that executives have not forecast ever increasing production schedules—for their own cars.

On the other hand, one of the greatest expansion programs on record is under way in the automotive industry. Cadillac, Packard, Ford, Hudson, Graham-Paige, Durant, Oldsmobile, numerous parts and accessory manufacturers, are spending millions on more plant.

Production this year will be at least 5,500,000 cars and trucks. This is the greatest year's output, but still far below what might be produced were all plants operated at capacity for 12 months. Based on output for April, the industry has an actual capacity of 8,000,000. This, take note, is nearly twice as many as have ever been produced or sold in a year.

There are indications that sales are not now keeping pace with the stream of cars which pours from factories. Passenger car dealers are estimated to have had in stock on September 1, 650,000 cars. This is 300,000 more than were in stock a year ago. The expected expansion of the export market, which was going to care for increasing production, has not been great enough.

Yet:

Cadillac is engaged in a $5,000,000 building and equipment program. Packard is adding 375,000 square feet of floor space. Oldsmobile is adding 36,000 square feet. Durant is spending $50,000 on plant in California; $250,000 since January 1—on top of a mammoth expansion program in Lansing following the removal of the main plant from Elizabeth, N. J. Floor space has been doubled.

Ford's Detroit plants cover 1,000 acres but are not large enough. He continues to build. Hudson is adding 40,000 square feet. Hupmobile is adding an engineering laboratory, a car-testing building, is extending its main power plant. Murray Body is spending $6,000,000 in additions.

A. C. Spark Plug is adding 42,000 square feet. Bendix Brake is spending $45,000 on additions. Eaton Axle & Spring is spending $70,000. Federal-Mogul is spending $300,000.

Can the reason behind this overweening optimism be found? Every January, leading automotive executives have always said, "The industry as a whole will continue about as usual. We, however, expect to increase our output by 25-50-100%."

What is more, many of them take their optimism back to the factory and apply it to their production schedules. The results are nearly always the same, but were emphasized in 1924, 1927 and, there are signs, they may possibly become apparent in 1930.

In 1923 as in 1926 everything looked rosy to the industry. Each maker confidently believed that he could double his own output—and tried to—and expected the other fellow to slow up. They spent 1924 and 1927 regretting.

Reo and Willys-Overland want to give dealers a break. The dealer, in general, needs it. Actually, overproduction does not bother manufacturers greatly. The burden is passed on to their dealers. Dealer franchises are considered valuable. Threat of revoking them is a persuasive whip.

The dealer has nothing to say, usually, as to how many new cars he must sell. The manufacturer sets his quota and ships the cars. The dealer accepts them, pays cash on delivery. The classic example of how far this can be carried was given by Ford when, a few years ago, he wiggled out of a tight spot by unloading his entire stocks of cars onto his dealers and making them pay cash.

This brings on the "Used car prob-

P. & A. Photo

SICK MAN OF NEW MEXICO

Albert B. Fall, former Secretary of Interior, arrives at District Supreme Court, Washington, where he is on trial. A nurse is in constant attendance

International Photo

NEW COMMERCE OFFICIAL

William L. Cooper, of Saginaw, Mich., sworn in as Director of Bureau of Foreign and Domestic Commerce. Others are R. P. Lamont, Secretary of Commerce (right), Dr. Julius Klein, Assistant Secretary (left), and E. W. Libbey, Chief Clerk

lem." National advertising has made Americans "model conscious." They insist on the latest model. Therefore the trade-in, and there the dealer is likely to lose his shirt.

The man who buys a new car, or even a fairly high-priced used car, without turning in another car against the purchase is simple. The generous used car allowance, of course, is simply a thinly camouflaged price cut. (The industry prides itself it never has had a price cut.)

Some automotive dealers are poor business men—but the factories are basically to blame for the used car problem. They put the screws on the dealer. His one object is to get out whole. He doesn't dare hold cars too long, for the factory may spring a new model on him which will wipe out all his possible profits. So he offers more for trade-ins than he can possibly get for them in a resale.

Forgetting the bugbear of a "saturation point," it is obvious that automotive sales cannot continue to expand as they did during the first 25 years of the industry's life. There must be an adjustment some time. But who must make it? Some factories? Or all?

Promotion ►

"K. C." Reaching For Cigars

KANSAS CITY, which, heretofore, has boasted three tiny cigar factories, combined capitalization $5,900, total annual production $29,000, will soon have the largest cigar factory in the world—2,900 employees, $4,000,000 a year payroll, 2,000,000,000 cigars daily according to an announcement made October 9 by Frank W. Harwood, vice-president of the American Cigar Company, subsidiary of American Tobacco. A building has been acquired. Installation of machinery is scheduled to be complete Nov. 15.

Lou E. Holland, once president of Associated Advertising Clubs of the World, is executive manager of the Chamber of Commerce. After spending $40,000 for a conventional survey, Mr. Holland made up his mind he needed still more facts. Ed. H. Gill, Jr., industrial engineer, went out and asked questions, some of them about points commonly considered nobody's business. The result was a tabulation of 1026 industries, classified in the same sixteen groups used in the Census of Manufactures.

Next, wholesale business done in these sixteen lines was tabulated. Startling disparities were revealed, like this one:

Group No. 11, Tobacco products: Sales by Kansas City wholesalers, $15,743,666. Total production $29,000.

The chamber set out systematically to convince manufacturers of tobacco products that an opportunity existed; they succeeded.

Other comparisons, somewhat less startling, but still significant enough to indicate that real manufacturing opportunities exist, were revealed. They are listed as "Kansas City's 212 Opportunities."

Though Kansas City's manufactures are substantial—$665,000,000 annually, of which $243,000,000 are meat products—the city has been largely a distributing point. It is nineteenth in population, eighth in bank clearings, sixth in post office receipts, says "The Book of Kansas City Facts."

While new industries are sought aggressively, thought is given, first, to building up established ones. Manufacturers in various groups are brought together into small counterparts of the national institutes. Trade practice conferences are held right in Kansas City every week.

First were the city's 32 foundrymen. At the first meeting, only three were personally acquainted. Most of them sat back suspiciously eyeing their competitors. Now the "Foundrymen's Institute" is in full swing. Members know each other by their first names. Definite results have been achieved:

Seven such institutes have been founded or are getting under way.

Utilities ►

The World's on the Wire—Or Wireless

FROM all corners of the earth come reports of active expansion in the field of utilities and communications. American companies are competing for supremacy with each other as well as against German companies in the fertile

South American field. One touch of the receiver makes the whole world kin.

International Telephone & Telegraph Company arranges with two German firms to acquire interests in German telephone and manufacturing companies, develop them, control factories at Berlin and Nuremburg.

Germans, in turn, recently bought control of the National Electric Company of Panama, to compete with a subsidiary of American Foreign Power Corporation.

Communication developments in South America proceed at breakneck speed, lead by the ubiquitous I. T. & T. Two weeks ago, I. T. & T. linked up more than 250,000 telephones in Argentina, Chile, and Uruguay in one international service.

The Bulgarian Government's radio station at Sofia, under construction for two years, now complete, has long-wave installation to reach all European capitals. In Russia, the newest telephone equipment is being installed. Rostov-on-Don now has Russia's first automatic telephone exchange in operation.

National isolation is no longer possible. A sneeze in Russia is heard 'round the world.

Utilities ► **Longest Phone Service Opens**

By Special Cable

THE longest radio telephone system in the world was placed in operation on Columbus Day, when service was begun between Seville, Spain, and the Spanish-speaking countries of South America. Special ceremonies were held at Buenos Aires, and Montevideo, and greetings were exchanged between General Primo de Rivera, Premier of Spain, and officials of Argentina, Uruguay, and Chile.

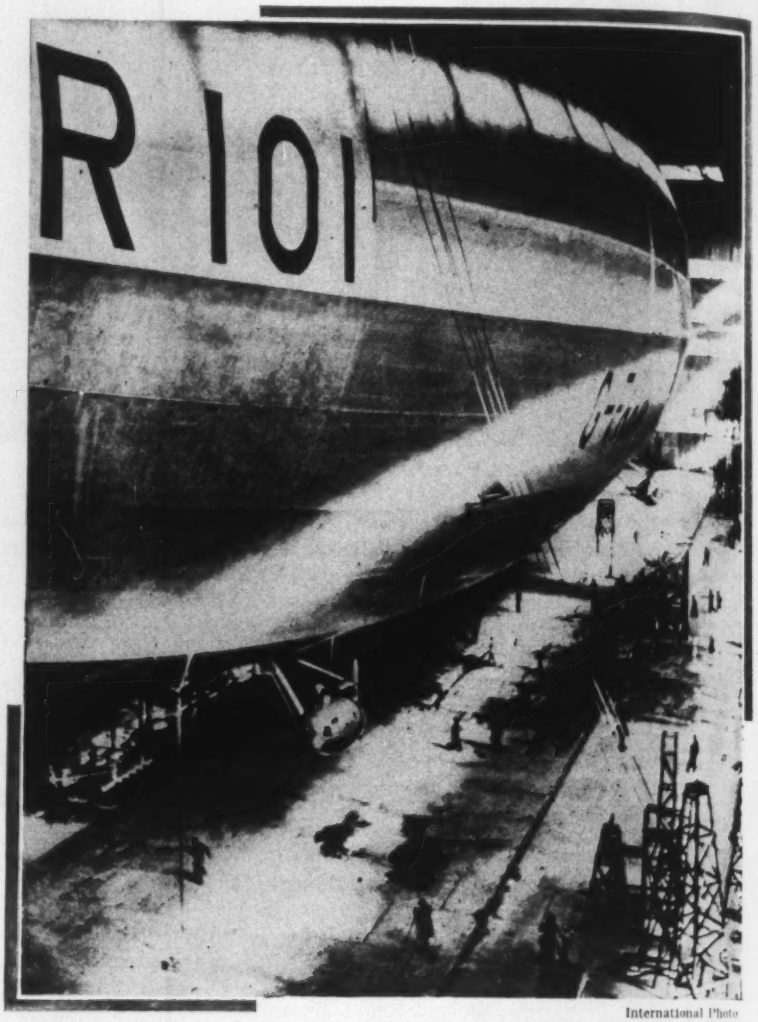
The new system, a beam wireless operating over 6,000 miles, will serve more than 6,000,000 telephones, of which 260,000 are in South America.

Aviation ► **Too Many Planes On the Ground?**

BUILDERS of aircraft face a new problem—overproduction. For the first time they are in imminent danger of finding themselves loaded with large numbers of unsalable machines. Advance estimates of 1929 production, used as a basis for plant extension plans and personnel increases were, in most cases, too sanguine. Production schedules have had to be hurriedly reduced in some instances.

Two fundamental steps will be taken to solve the problem: production schedules are being kept flexible to the limit of possibility, the throttle on the factory ready to be shifted at the slightest change of the consumption barometer; market analysis has been undertaken with unprecedented intensity.

Leaders point out that aviation needs intelligently directed sales effort, and lots of it, that before the real potential market for aircraft can be completely exploited it must be defined.



International Photo

MASTODON OF THE SKIES

Puny humans swarm busily about the world's largest airship—new 100-passenger British dirigible R-101, in hangar at Cardington, England. It will fly to America after test trips

Financial ► **Investment Trusts May Organize**

WHEN two or more Americans meet they form an organization. That tendency is axiomatic. Now come the investment trusts and talk about organization. Promotion of their welfare, protection of mutual interests, educational work—the usual ideals are advanced. Certainly enough of these concerns have sprung up already this year to warrant organization.

Protection of mutual welfare in a literal sense is actually the most moving force. As soon as the tariff muddle is over, investment trusts are going to re-

ceive a lot of attention in Washington. Preparations already are being laid on Capitol Hill for a great talk fest, if nothing else, and that will be disturbing. An organization with a few representatives—not lobbyists, of course—would be better able to care for their interests than so many individuals.

Agriculture ► **Our Biggest Plant —The Cow**

GREATER than building construction. Greater than steel. Greater even than automobiles. Thus did Secretary Hyde of the Department of Agriculture describe America's dairy industry when he dedicated the huge St. Louis arena in which the National Dairy Show was held the week ending October 19.

The annual products of 4,000 creameries, 3,000 cheese factories, 300 condenseries, 3,500 ice cream factories and the country's other milk processing plants have a value of $4,000,000,000, he said, as compared with the annual output of automobiles valued at $3,500,000,000.

St. Louis has been selected as the permanent home of the National Dairy Exposition—a move based on the growing importance of the Mississippi Valley in milk production and on the growing show-consciousness of the old World's Fair city.

The size of the show is in keeping with the magnitude of the industry. The exhibits included 1,500 of the best thoroughbred dairy cattle in the country—all carefully groomed, with hair clipped and smoothed, horns and hoofs polished.

Some of the best of the blooded stock was entered this year by such notables as Congresswoman Ruth Hanna McCormick of Illinois; Harvey S. Firestone, Akron tire manufacturer; J. C. Penney, chain store operation.

Hundreds of handsome calves—veal calves—slick and shining and showing evidences of infinite personal care, were exhibited by boys and girls from the farms of the Middle West who are members of calf clubs and were no less proud of their stock than were the wealthy men and women with unlimited resources to develop prize-winners.

People are drinking more milk and eating more ice cream and butter and cheese. Per capita consumption of milk has increased 27% in the last eight years, said Charles L. Hill, president of the National Dairy Association. It was 124,000,000,000 pounds a year eight years ago. Now it is 154,000,000,000 pounds.

This has considerable to do with purchasing power. Secretary Hyde says the value of the milk at the farms is $3,000,000,000. It means—far more certainly than is the case with any other farm product—ready cash for farmers.

Marketing ► **Drought Upsets Linseed Market**

THERE is a flurry in the linseed market. This year's supply may be cut in half. The price of linseed oil has risen 60% in three months. Some predict 20-cent oil—it is 16.3 cents now.

Linseed oil, pressed from flaxseed, is indispensable in oil paints and varnishes, linoleum, printing ink, rubber substitutes.

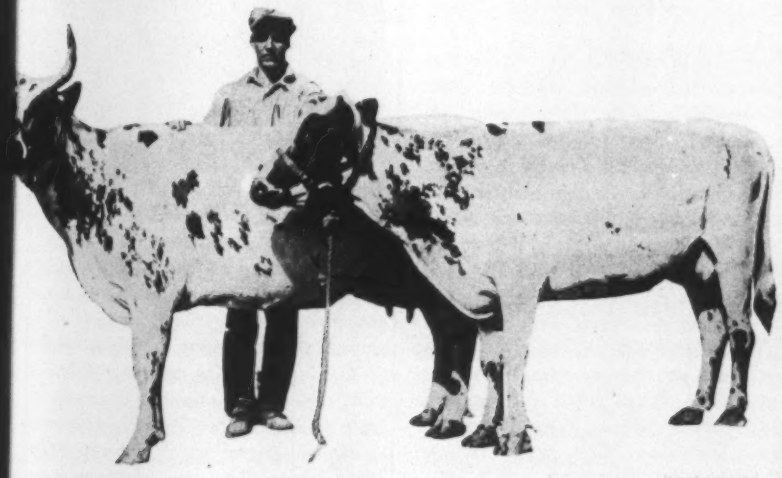
Our annual consumption is 40,000,000 bushels. North and South Dakota, Minnesota, Montana are counted on to produce slightly less than 50% of this. Washington on October 1 estimated 1929 production at 16,000,000 bushels; grain men at Duluth expect not over 10,000,000 bushels. Even at 12,000,000 bushels, producers west of Buffalo will be shut down by late winter.

Sole source of import is Argentina. Drought lingers in the flax region northwest of Buenos Aires. Crop estimates dwindle. The exportable surplus may not surpass 56,000,000 bushels. Early estimates of the United States' share were as high as 23,000,000 bushels; more recent have dropped to 10,000,000. There are buyers in New York who believe some bold group is cornering an already limited market.

To this uncertainty is added a new factor. Argentine export duty on flaxseed in July was 31 cents a ton; in August, $1.56; in September, $2.64; in October, $3.88. No one in this country has, as yet, figured out the basis for each jump; no one has the temerity to prophesy where it will end.

In September, the first flurry sent the price of linseed oil to 16.8 cents a pound. This week it dropped to 16.3 cents. With Argentine seed held in strong hands for delivery over the balance of the year, present prices will probably remain firm.

Here is the problem: American seed marketed this fall, and some holdover Argentine seed, will supply the market until February. The Argentine crop, harvested in January, does not reach us for 60 days. It is that interim of February and March, difficult to span, that presents the chief gamble in the linseed market. The answer rests with such variables as the weather and political tariffs.



International Photo

HIKING HEIFERS

Alice and Tomboy, champion Ayrshires, walk from Brandon, Vermont, to St. Louis. After formal reception at City Hall, the bovines were entered in National Dairy Exposition

Production ► **Merger Mania Reaches Spain**

By Special Cable

INDUSTRY in Barcelona, one of the largest cotton manufacturing centers in Spain, has been bitten by the merger

bug. Eleven cotton spinning mills have combined with an aggregate capital of $6,000,000. Other mergers are contemplated. No more plans, however, have been announced.

There was considerable discussion of mergers among the delegates to the Congress of the International Cotton Federation, held in Barcelona in September, and the present combine probably grew out of arrangements begun then. The Federation celebrated its twenty-fifth anniversary.

Automotive ► **Diesel Bus Reaches America**

DRIVEN by a Diesel engine, an experimental bus soon will go into the service of the Public Service Coordinated Transport of New Jersey. It is the first in America. It is not to be confused, of course, with the gas-electric buses. The Diesel bus was developed after two officers of the company had studied numerous Diesel buses and trucks in Germany last summer.

If the experiment is successful, it may lead to further study. The Diesel undoubtedly has some advantages over the Otto cycle motor, but most engineers do not believe them to be overwhelming.

Automotive ► **General Motors Plans Abroad**

By Special Cable

ALFRED P. SLOAN, JR., president of General Motors Corporation has relieved European automotive interests considerably by his announcement in Paris that General Motors was not contemplating extensive purchase of foreign concerns.

When G. M. bought the Opel factory in Germany last year rumors were started that this was the beginning of a foreign expansion campaign which would take over the most important European producers such as Citroën, Peugeot and Fiat. Mr. Sloan stated in an interview with the Paris *Midi* that the Corporation's policy will be to produce cars in Europe which will compete with products of its American factories for the European markets. In other words, the European policy is to be the same as that followed in the United States where strong competition exists between various units of the General Motors family.

At the present time General Motors operates foreign branches, chiefly assembly plants, in England, Denmark, Sweden, Belgium, Germany, Poland. Mr. Sloan says the activities of these plants will not be affected by the purchase of the Opel plant and no other purchases of foreign plants are being contemplated. It seems likely, however, that some of these assembly plants will be expanded into more nearly complete factories so that in certain countries

Keystone View

THE FORD OF FRANCE

André Citroën is turning out a thousand cars a day

where it may appear to be advantageous, General Motors cars will be almost entirely built with local labor and materials.

(A more general discussion of this whole question of foreign branch plants may be found elsewhere in this issue.)

Automotive ► **Paris Fashions In Automobiles**

EIGHT cylinder engines, silent third gears in four speed transmissions and lower body lines featured the Twenty-third Annual Paris Automobile Show last week. New eight cylinder models were announced by Bugatti, Talbot, Delage, Minerva, Fiat, Lancia, and Ballot. Voisin has a new twelve-cylinder model. As in the United States, four-cylinder models are now in the minority in Europe. The number of sixes remains about stationary while eights increase.

Exhibiting automobile manufacturers numbered 116: French, fifty-eight; American, thirty-one; German, nine; Italian, seven; English, six; Belgian three; Austrian and Czechoslovakian, one each.

Mathis, Panhard, Talbot, and Delage have adopted silent third gears, many imported in whole or in part from America. Peugeot has developed a new four-cylinder car selling for about $800. The four-passenger sedan model was the cheapest four-passenger car at the Show.

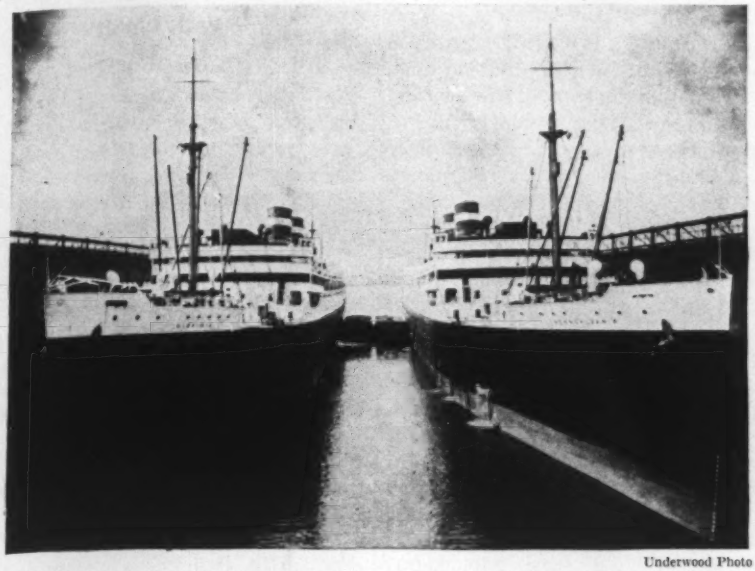
Outstanding among the technical developments was the use of nitrided steel parts in a number of engines—an improvement American makers are likely to adopt. Nearly all wearing surfaces of the Hispano-Suiza were nitrided while crankshafts and other components of the Talbot are made of nitrided steel. Nitriding is a process of case-hardening certain steels by heat-treating them in an atmosphere of ammonia. Excellent wearing surfaces are obtained by this method with a minimum of distortion, so that subsequent machining operations on the hardened surfaces are eliminated or greatly reduced.

Textiles ► **Rayon Invades Blanket Industry**

FEW developments in industry during the past few years—bar radio and aviation—have been more dramatic than the rapid expansion of the rayon industry, its indefatigable and spectacularly successful search for new uses.

Now, rayon blankets. England has had them for six months, made in Holland. A Milwaukee maker has just put them on the American market. The line includes all rayon on a cotton warp, half rayon and half wool, mixtures more and less than half and half. A pure rayon blanket that has been laundered twelve times is on display in New York. It looks good. Pure rayon blankets are moth-proof. Double-thick blankets, pure rayon, or rayon and wool, retail for $7.50, about the price of the cheaper grades of wool.

Cynics in the trade remark that part rayon blankets may not be as new in America as the consumer thinks.



Underwood Photo

SISTERS, BUT NOT TWINS

The Pennsylvania, Panama Pacific Line's new 33,375-ton turbo-electric liner, largest American-built merchant vessel, sails from New York October 19 on maiden voyage to San Francisco via the canal. Here she is, alongside slightly older, smaller, sister Virginia. Sister California wasn't present

Railroads ► **Freights Rise; Records Fall**

CLASS I railways have "come back" with a vengeance. During the first eight months of this year, they moved a total of 325,388 ton miles of freight, a new high record. This is an increase of 3.5% over the same period in 1927; 6.5% greater than the first eight months of 1928. Eastern roads increased freight traffic 8.4%; Southern, 1.3%; Western, 5.9%. August's total freight traffic handled by Class I roads showed an increase of 5.9% over August, 1928, another record. Daily average movement of cars reached 33.5 miles, still another record.

Labor ► **Net of New Lines to Seine Southwest**

THE Southwest is today the scene of busy efforts on the part of railways to add strategic connections to their main lines. Santa Fe and Wyoming Montana occupy the center of the stage with the I. C. C. as audience.

Santa Fe's three subsidiaries want to construct 380 miles of new line in Texas, Oklahoma, New Mexico, and Colorado, to shorten routes between Colorado points and the Gulf, between Chicago and Los Angeles.

The Panhandle & Sante Fe asks permission to build two lines to serve the farms, the oil and the gas fields of the Texas Panhandle. One would extend 96 miles from Amarillo to the northern part of Dallam County, Texas; the other, 50 miles, from Dumas northwest to Spearman, on the North Texas & Santa Fe.

Elkhart & Santa Fe would lay a 39-mile track from the projected line of the Panhandle on the Dallam County boundary, northwest via Boise City, to the northern edge of Cimarron County, Oklahoma.

Yet another proposed line, 110 miles long, would extend from Felt, Elkhart's western terminus, southwest to Colmor, New Mexico, on the Atchison.

To complete the network, the Dodge City & Cimarron Valley wants an 83-mile line from the northern terminus of Elkhart's projected line on the Cimarron County boundary, northwest to Las Animas, Colorado.

Wyoming & Montana, aiming to link Mexico with Canada by a railroad traversing the Rocky Mountain region, wants to build 561 miles of trackage. Through arrangements with Denver & Salt Lake, and Chicago & Northwestern, this line would reach from Saskatchewan to the Mexican border. Lines of the North and South Railway, and the Montana Railway Company would take the road's traffic through Denver and southward to Craig, Colorado. Here Wyoming & Montana, linking up with the Santa Fe, would complete connections with the Mexican border—and the first such north-and-south system proposed west of the Mississippi.

All these plans indicate the rapid growth of the Southwest, and their completion would mark the first major extension of lines since the war.

Advertising ► **Gearing Publicity To Its Job**

INDUSTRIAL advertisers can now check up their own activities. A report of a questionnaire study of advertising budgets and publicity administration made at the recent meeting of the National Industrial Advertisers' Association, has been made available in printed form by Ex-President N. S. Greensfelder.

There has been a decided tendency in recent years toward the use of more technically trained men in industrial publicity departments. Formal planning of publicity, for a year at a time, is comparatively new. Emphasis has jumped from product to product with shifts in executive attention—seldom because of actual publicity needs. But planned, budgeted, and checked-up-afterward advertising, by regularly organized advertising departments, is now extending rapidly. Over 70% of the 177 companies that answered the questionnaires now have advertising or publicity departments.

Complete distribution of 1929 appropriations follows:

Business and trade papers (space only)	46%
Artwork, engraving, etc. (for ads only)	7
Sales and service literature (except direct mail)	9
Direct-mail advertising	13
House organs	2
Conventions and exhibits	4
Moving pictures and photography	1
Administrative expense (including salaries)*	9
Price lists and internal publications	2
National advertising	4
Miscellaneous	3
	100%

*Nearly one-third of the reporting companies had no administrative expense charged against advertising.

Real Estate ► **Exchanges to Melt Frozen Securities**

AMERICA'S first real estate exchange opened in New York October 1, with 250 members who paid $5,000 each for seats. Another will open in Chicago within ninety days, and a third will soon begin operations in Los Angeles, with anticipated listings of $150,000,000 in securities. Plans are under way in Detroit, Cleveland and St. Louis.

Real estate men look to the exchanges to solve their greatest problem, that of providing a definite, constantly active market for property and securities, and say they will be life-savers for real estate trusts. Heretofore, holders of trust certificates paying dividends as high as 30% have had difficulty in disposing of them, even at a discount. With an active market existing, securities and all real estate paper will be liquid; and real estate promoters will have their own stocks and bonds to compete for the investor's dollar. What this might do in a boom is something else to think about.

Research ► **Engineers Sit Where Sun Rises**

THE World Engineering Congress will meet in Tokyo, Oct. 29. The object is to effect an international exchange of the latest knowledge; to bring together the leaders in research, education, and business. Many such gatherings have been held in the United States and Europe. This is the first in the Far East.

Discussions will touch: Engineering science, precision instruments, architecture, public works, railway engineering, transportation, power, and mechanical engineering.

Some 300 American engineers will take part, representing practically all the engineering and technical societies of the country. Europe is well represented. Auguries are for a fruitful meeting.

Railroads ► **Watch Pennsylvania In New England**

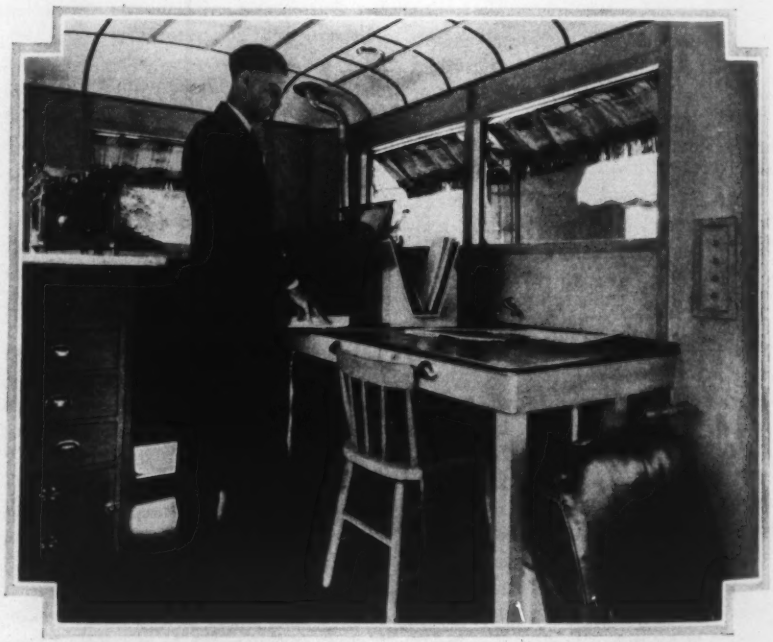
DISCUSSION of railroad consolidation still rages in and around the Interstate Commerce Commission, with the main interest recently shifting to New England, where the Boston Chamber of Commerce has reiterated approval of a regional plan for the consolidation. This plan is the same as that of six years ago, when the I. C. C. held hearings in Boston on the New England situation, and would include all New England roads excepting the Boston & Albany, leased by New York Central, and the Central of Vermont, owned by Canadian National Railways.

Pennsylvania and Wabash may play an important part in bringing about adoption of the plan. Wabash has applied to the I. C. C. for permission to form two New England systems, an ambitious project for a road with little money. Behind the Wabash, however, is seen the Pennsylvania. If the Pennsylvania can retain the good will of the I. C. C. it may buy the roads wanted and re-sell to Wabash on easy time payments. The suggestion gains color by the fact that the Pennsylvania apparently intends to raise some $50,000,000 through a stock issue. It raised $68,000,000 last spring, but most of that went to buy railroads in the Middle West and to form the National Freight Forwarding Company. The entire consolidation problem will probably await the settlement of the New England situation; if the Pennsylvania buys New England roads to further Wabash plans, it will be difficult to settle.

Railroads ► **Flush, Roads Go on Buying Spree**

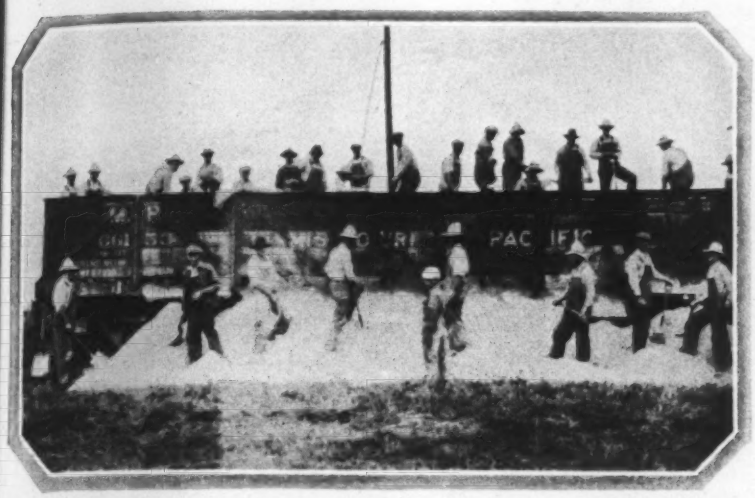
LIKE regular folks, when their pocketbooks bulge, the railroads spend freely; when "hard times" come 'round, they watch every penny. Increased earnings this year have put the railways on Easy Street. Now, feeling flush, they are buying locomotives, freight cars, and other materials as they have never bought before. Having drunk the tonic of prosperity, the railways are exceedingly optimistic about future traffic increases. Recent reports from ten of the thirteen Shippers' Regional Advisory Boards indicate an expected gain in traffic the last quarter 2.3% greater than the same period last year.

Orders for equipment approximate $184,000,000. The roads have purchased 672 locomotives against only 249 for the first nine months of 1928; last month, they bought 84 against only 8 in September a year ago. Freight car buying this year has been extraordinarily large. Estimates for September place orders around 7,000 cars, compared with only 25,000 for the first nine months last year. This year's total may reach 100,000. Equipment manufacturers at last see the silver lining to the cloud.



AUDITING ON THE FLY

Cuno R. Bryant of Portland, who operates thirty-five "Cunocars." Each is a light truck equipped as an accounting office, which stops in front of a small store and audits on the spot. Last year he handled $20,000,000 of business



A LIMESTONE BEE

Successor to quilting bees and barn-raisings, Missouri farmers hold "bees" to unload trainloads of ground limestone. With its use acid soils are sweetened, legume crops flourish, nitrogen is restored to the ground from the air, and livestock are fed more profitably

Production ► **Another Waste That Eats Profits**

IN the production of standard market sizes, approximately 9,000,000 long tons of fine anthracite, ranging from 3/32 in. diameter to dust, is produced annually. Of this only 14% is utilized. The rest is dumped, used for mine filling, or dumped in streams. The Bureau of Mines estimates there are piles of culm, silt and mixed coals, totaling 214,000,000 tons. The recent fuels meeting in Philadelphia was told of processes available which make practical the recovery of 95% of the combustible material produced in the mining of anthracite coal and for reclaiming the combustible material in culm banks.

Preparation of fine coal for market was recommended to coal companies as a practical means of deriving greater profit from their operations.

Chile Plans Refrigeration Network

THE Chilean Government has introduced a project for establishing a chain of refrigerating plants. A sum of $10,000,000 (Chilean currency) would be appropriated for bonuses and loans to industrialists who would take over the job. Reduction of costs of food stuffs in a country of such great distances is the reason behind the movement.

Distribution ► **Profits in Radio Rose in 1928**

HOW profitable is radio distribution? *Radio Retailing's* survey of business done by 109 average radio dealers shows this group, in 1928, had a gross margin on sales of $2,721,000 or 37.7%. Costs amounted to $2,132,000, or 29.5%, leaving a net profit of 8.2% on retail sales. These figures confirm the impression that 1928 was the most profitable year in the industry's history.

It was found that, in 1928, the most profitable group, in terms of percentage of net profits on sales, consisted of dealers doing a yearly business of less than $50,000.

Distribution ► **Silk Bootleggers In Argentina**

SILK dealers in Argentina are being forced out of business by bootlegged silk. It is reported that 90% of the silk used in Argentina is smuggled in. Argentina import duty is $5.60 (U. S. money) a pound; Uruguayan duty, $1.00 (U. S.) a pound. The smugglers all use airplanes. Each plane carries 1,000 pounds on each hop from Uruguay to Argentina. About 10 trips a month have been reported.

More than probable. High import tariffs contain in themselves seeds for their own destruction.

Distribution ► **Chain Growth Still Swift**

COMMERCIAL SERVICE COMPANY, INC., reports independent retailers opened 3999 stores and chains opened 1074 in September. There are approximately 12 times as many independent units as there are chain units, which means that independents are increasing proportionately less than 1/3 as fast as the chain store units.

Forty-one chain organizations were formed last month. These range in size from chains of three stores to concerns that will operate 100 drug stores. One drug store organization that is to establish stores throughout the South is going to build its own factory.

Retailing ► **Tire Chain for Skidding Dealers**

ACTION is expected at November session of National Tire Dealers' Association when the merger committee reports Sears-Roebuck's intrusion into the retail tire field has cut seriously into dealer business. Firestone has its own dealers. Others have tight exclusive dealer contracts. Still others sell through jobbers and have few dealer contacts. There are too many in the business. Competition has been fierce.

The plan to be proposed contemplates a merger—not a cooperative. There is to be an exchange of stock, through a New York banker, for pooled interests in the dealers' stores to build a chain with sufficient buying power to wring better terms out of the manufacturers or else tie them into the merger by financial interest in its success.

Meanwhile Sears-Roebuck increases the number of retail outlets and, at the same time, increases mail order sales; Montgomery Ward sets up local stores in smaller cities and towns. Meanwhile also, Hood Rubber Company sells out; the United States Rubber Company passes a preferred stock dividend; Fisk Rubber Co. reports a deficit on 1928 operations and for the first half of 1929; Miller Rubber Company, which, before 1926, was one of the most profitable tire producers, announces a $3,400,000 net loss for 1928 and $664,000 for first six months of 1929. Independent tire dealers are going to need every resource to meet the acute competition ahead.

Labor ► **Can Truckers Work An Eight Hour Day?**

OIL truck drivers are on strike in New York. It is part of the general effort of labor to get the eight hour day throughout industry. The effort is confused in New York by the drive of the International Brotherhood of Teamsters and Chauffeurs to strengthen its own position among the men. If it can win eight hour operation for trucks in New York it will be called upon to extend it elsewhere.

Trucking is difficult to organize so that each driver has just eight hours' work. Distances are different. Traffic delays are uncertain. The Beacon Oil Company has been experimenting with two crews. One crew serves private customers, each customer always served by the same driver. That shift must bring in the trucks at or before 3 P. M. The second shift serves gas stations. Overtime work is paid back in time off, and Sunday work is kept as low as possible.

If an eight hour day is established it will probably be on a plan similar to that used by the Beacon Oil Company. It might serve as a model for oil truck drivers elsewhere and also for other trucking operations.

Distribution ► **Market Gone? Make a New One**

NINE years ago the Mengel Box Company, of Louisville, Ky., was the largest manufacturer of wooden boxes in the world, supplying whiskey and packing cases to the great distilleries and plug tobacco factories. Then the corrugated paper container was invented; the old-fashioned chew went the way of the horse and buggy; after prohibition, whiskey was handled in suitcases, gunny sacks and other unconventional receptacles. The bottom fell out of the wooden box business, and Mengel began to pass dividends.

But the company hung on, with factories in St. Louis, Hickman, Ky., Baton Rouge, La., mahogany camps in British Honduras, and a paper mill in Indiana. Once American Tobacco dominated, but relinquished control by passing out stock in the form of a special dividend. In 1921 the Mengel Company began producing automotive wood parts. This business developed, a new plant was established; last year a contract with the Willys-Overland Company, necessitated the doubling of production capacity. New power plants were erected at two points to manufacture electricity from wood waste at a low cost. Formerly, power had been purchased.

Recently, after nine years and almost complete reorganization of the business the Board of Directors decided to resume dividend payments on common stock.

Herbert Photo

ERE EVER THERE WERE CHAINS

The oldest grocery in America is at 741 Centre Street, Jamaica Plain, Mass. Founded in 1796 by Ebenezer Seaver, now operated by Robert Seaver & Sons, direct descendants of Ebenezer

Distribution ► **What Limit to Trade-Ins?**

THE gas company in St. Louis is offering a $10 allowance on every garbage can or trash barrel traded in on the purchase of a gas-fired home incinerator which may be purchased on payments of $5 a month.

This extension of the instalment selling and trade-in plan, which has been stimulating business to the extent of justifying large newspaper display space, probably is no more extreme than some of the automobile trade-in policies. And it is about on a par with some of the "bonfire" proposals the radio and refrigerator people have recently sponsored in St. Louis.

Large space has been used to advertise in the newspapers for old radios and refrigerators to be consigned to huge bonfires on a specified date. Large numbers of dealers joined in the campaigns. Usually the "price" offered in allowance on a new article was $25 for any radio set or refrigerator regardless of condition.

The purpose, of course, was to remove the old units permanently from the market.

An automobile manufacturer, through its St. Louis distributor, offered for a limited time an allowance of $500 on any used car turned in on the purchase of a new car. One man with an old car which he desired to keep sought to avail himself of the reduced price without giving up his old vehicle. He got the allowance as a straight price cut which many other buyers of radios, refrigerators and gas incinerators are obtaining under various guises.

The buying public seems to like a price with a rebate better than a straight low price. It is a curious human trait which might be useful to machine tool builders in freeing their market of the obsolete machinery which has bothered them so much.

Utilities ► **First Warning On Stock Split-Ups**

PUBLIC utilities and utility stock markets were in uproar this week over the cuffing administered Edison Electric Illuminating Co. of Boston by the Massachusetts Department of Public Utilities. The commission unanimously refused to permit a four-to-one stock split-up.

Here is the first opposition to the split-up trend that has been bringing high-priced stocks into the buying range of the ordinary speculator—frankly, to make them more susceptible to speculation; also, the Massachusetts Commission, through gratuitous remarks in disparagement of speculation, becomes the first important body to come out flatly on this subject since the Federal Reserve Board's famous warning of last February. The bombshell, in being thrown at a utility stock, crashes into the last bull stronghold, and it is expected to echo among the utility commissions of other states.

The Edison Company's chief allegation in asking the split-up was interpreted by the Massachusetts Commission as "it is the fashion."

Finance ► **State Bank Check To Go to Congress**

THE Federal Reserve system was nailed down again this week by an opinion of Attorney General William D. Mitchell that state banks which are members of the system cannot establish foreign branches. Foreign branches established prior to the passage of the McFadden Act in February, 1927, are not affected, while technical differences affect foreign branches established or acquired since February, 1927. This interpretation of the McFadden Act, will almost certainly lead to legislation to put state members on an equal basis with national banks.

The effect of the opinion was widely exaggerated in newspaper reports, causing grave concern. As a matter of fact the opinion did little more than clarify a situation fairly well understood.

Foreign branches are of especial importance in America's growing foreign trade. Relations with foreign banks—some unfriendly, all differing in practice—have been far from satisfactory.

Necessity for pushing legislation adds to the certainty of the entire banking and Federal Reserve question getting before Congress.

Distribution ► **General Motors, Radio Salesman**

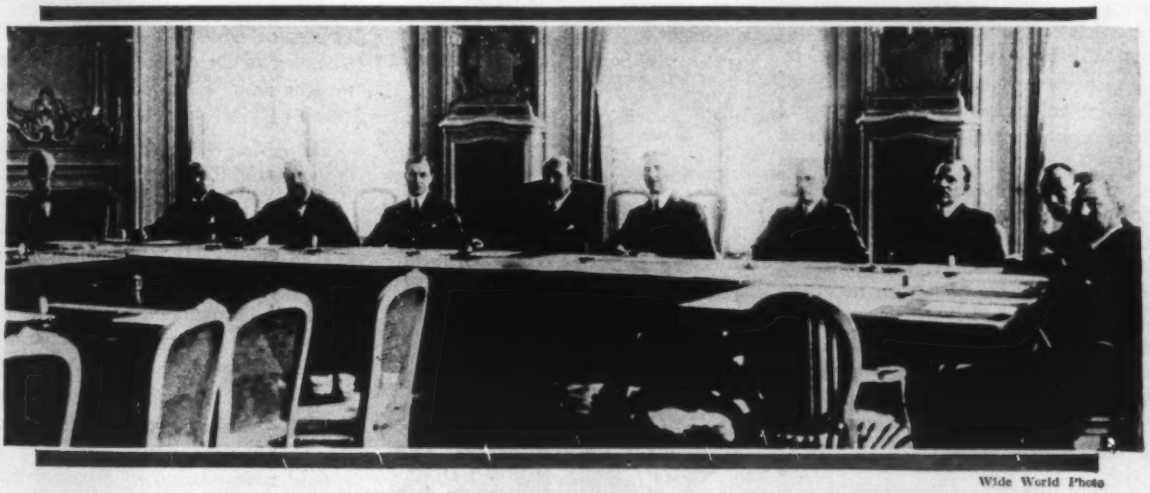
RADIO executives found a new interest and a new complication in a crowded life this week with the announcement that General Motors, Radio Corporation of America, General Electric Company, and Westinghouse have joined forces for a conquest of their market. They are busy today, trying to guess out the marketing moves of this new General Motors Radio Corporation—$10,000,000 preferred stock, 1,000,000 shares of no-par common, 51% held by General Motors.

There is to be a pool of radio patents, and observers foresee a release to the new corporation by license of patents covering superheterodyne circuits and sound pictures hitherto exclusively controlled by R. C. A.

Marketing plans await the appointment of a sales manager for G. M. R. C. However, business points to the possible significance in this connection of one lesson learned by General Motors.

Frigidaire was originally to be distributed through exclusive outlets. Competing types prospered in public utility retail stores. So today, Frigidaires are sold by exclusive outlets, company-owned, and also public utility retail stores. Because this distribution system could be made more profitable by broadening its line, the industry is guessing that the Frigidaire organization will be the backbone of General Motors radio invasion. Whether General Motors automobile dealers are going to handle sets other than those made for installation in automobiles remains to be seen.

Manufacturing of R. C. A. products has been carried on in scattered General Electric and Westinghouse plants. The industry believes that the new arrangement will mean concentration of production in one factory. Recent purchase by R. C. A. of the Day-Fan Co. of Dayton, O., may offer a key to production plans.



Wide World Photo

AT THE CENTER OF WORLD BANKING

Still without a home, the International Bank of Settlements begins to take form at Baden-Baden. American members Melvin A. Traylor and Jackson E. Reynolds sit left and right at the center of the Organization Committee

Swift Survey of Business Abroad

In cooperation with Bureau of Foreign and Domestic Commerce

EUROPE—Nothing has developed to change the general business outlook or diminish trade activity.

Great Britain—Sterling exchange continues rise with gold reserves, though still well below point (estimated at $4.89) where it will attract United States gold. Money is easier in Lombard Street. Market interest during the week has centered in railroad stocks due to anticipated announcements of extensive electrification projects. Home industry is fairly active except in textiles. Higher imports, with advances in most raw materials, especially cotton, promise greater industrial activity in late fall.

France—Key industries maintain activity. Favorable industrial outlook is supplemented by excellent harvests. Little unemployment; credit plentiful at normal rates. Decline in deliveries-in-kind from Germany places heavier burden on French manufacturers of mechanical and electrical equipment. Fortification on eastern frontier as result of Rhineland evacuation involves purchases, principally of steel and machinery, estimated at three to four billion francs. Preliminary contracts total 400,000,000. (radio)

Germany—Hope of business revival, anticipated this year, deferred until next spring. Business has been disturbed by the reduced ration of foreign capital this year. Coalition government baffled by the problems presented in ratification of Young Plan, tax readjustment and relief to unemployed. Situation is complicated by the fact that in 1930 first repayments on foreign commercial loans made since stabilization fall due. Status of Reichsbank shows continued improvement, with technical position growing strong enough to warrant reduction in 7½% discount rate, provided international money market becomes more favorable. Foreign trade struck favorable balance in August, following period of shortage of foreign capital with consequent reduction in imports. (radio)

Czechoslovakia—Conversations between national and British bank heads lead to introduction of gold standard to make possible collaboration in International Bank.

Italy—An agreement under which Italian steel makers constitute a cartel signed October 19.

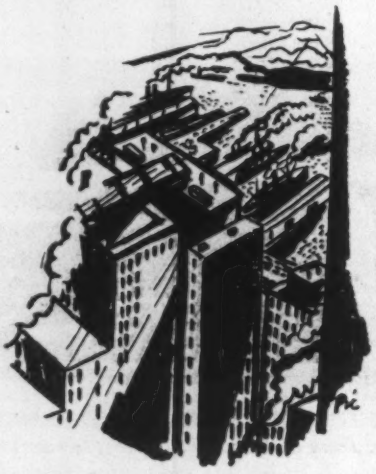
Spain—Plan to peg peseta abandoned by government pending true stabilization. Crop and trade prospects continue bright. New radio telephone hookup with Buenos Aires forecasts closer trade relations with South America.

Turkey — Industrial development along Western pattern continues. Engineering contracts for 850 kilometers of new railroad, port extensions, and drainage, pending; total expenditure about $130,000,000.

FAR EAST

China outlook cloudy; Australia optimistic; little activity.

China—Clash between Nationalist and Northern military leaders becomes serious. Trade more uncertain than depressed until issues are clearly defined. Shanghai markets quiet, but September foreign trade larger than year ago despite political uncertainty, collapse of bar silver market, and mid-autumn festival. Trade opinion is that raw silk prices have reached the peak. Continued embargo prevents movement of North Manchurian crops, maturing two weeks earlier than last year. All-American rail equipment—six locomotives, 11 passenger cars, 200 freight cars for Manchurian railroads, and 10 locomotives for North China—reached Dairen. Plans for air mail between Shanghai and Hankow continue despite impending civil struggle. (radio)



Japan—Political developments indicate plans to lift gold embargo in April or May. Home trade and industry steady. Favorable foreign trade expected to reduce adverse balance to lowest figure in nine years. Government retrenchment policy evident in 10% slash in all official salaries over $48 a month; will affect about 70,000. (radio)

Australia—Election of a Labor government and prospect of settling long-pending labor difficulties eases business, still sub-normal. Crop outlook improved with rains. Wool prices better at Sydney and Melbourne. Coal miners still out. (cable)

British Malaya—Colony's strong financial position removes prospect of new taxation for several years. Government's surplus totals $41,000,000 gold. (cable)

LATIN AMERICA

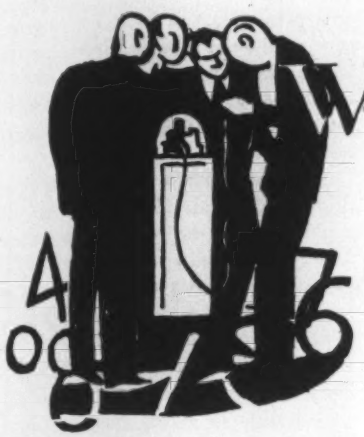
South American trade fair; Central American, sluggish.

Mexico—Interest still centers in pending labor legislation as usual rainy season dullness persists. First three of 630 articles of labor bill now approved by Chamber of Deputies. Wheat, corn, and tobacco crops damaged by early frosts. (cable)

Argentina—Business normal. Linseed crop at slightly less than 60%; wheat 96%; corn, late, but with ample time to mature. Construction activity high; British get several large contracts; purchases from United States steady. (cable)

Brazil—Economic outlook clouded by overstocked coffee reserves. Bank of Brazil eases situation with $18,000,000 loan. (cable)

Chile—Industry active, outlook good. New market for nitrate forecast by successful rehabilitation of Brazilian sugar lands through use of Chilian nitrate. (cable)



What the Figures Show

THE records of the latest week show a continued gradual decline in industrial activity, and a slight easing of the trade movement as well.

The general average of steel operations fell about 6% for the week and is more than 10% below a year ago. The Steel Corporation is running at 82% of capacity against 89% a week ago and 87% last year. Independents are at 77% compared with 80% in the preceding week and 88% a year ago. The industry as a whole is operating at 79% of capacity, compared with 84% in the preceding week and 88% last year.

Though railroad steel demand is quite high, unusually so in railroad equipment, the decline in automobile demand has been so marked as to bring operations down somewhat sharply. Structural steel orders are also beginning to show the effects of declining building operations. The slowly receding demand for structural steel is revealed in the September figures showing orders at 82% of capacity compared with 95% in August and 83% a year ago.

SO far, building has not been so seriously cut as it is likely to be in coming weeks, as the cumulative effect of tight money for building purposes shows itself. Curiously, average daily general building contracts showed a rise for the latest week and are not far below the corresponding week last year. Heavy construction contracts also increased for the week ending October 17 but are below those of the week a year ago.

Daily average bituminous coal production showed a decline for the week but is still slightly above last year's level.

The rate of petroleum production also showed a slight further decline for the week but still remains substantially above last year's level. The declines this week took place in both California and the Eastern fields. Restriction efforts are slowly making themselves felt.

PRICES continue to weaken, although Fisher's average for all commodities remained stationary. Wheat prices suffered further during the week under slow export buying and marked uncertainty regarding the Argentine crop, which is now crucial to the market. Grain exports for the week ending October 12 declined over 800,000 bushels under the previous week and were more than 5,000,000 bushels less than last year's. In face of slack exports and enormous visible supplies the margin between this year's and last year's price is being gradually pared down.

Cotton prices also were somewhat weaker and the average fell below a year ago. American mill consumption in September was the lowest for the year

FIGURES OF THE WEEK

(Compiled with the co-operation of the Survey of Current Business)

	Latest Week	Preceding Week	Year Ago
PRODUCTION			
Steel Mill Operation (% capacity)	79	84	88
Building Contracts (F. W. Dodge, daily average in thousands)	$18,649	$17,991	$20,967
Bituminous Coal (daily average, 1,000 tons)	1,851	1,909	1,840
Petroleum (daily average, 1,000 bbls.)	2,838	2,887	2,506
TRADE			
Car Loadings (daily average, all classes, 1,000 cars)	197	200	198
Check Payments (outside N. Y. City, millions)	$ 6,656	$ 7,579	$ 5,880
Wheat Receipts (1,000 bushels)	9,079	11,123	22,176
Cotton Receipts (1,000 bales)	885	803	762
Cattle and Calves Receipts (1,000 head)	364	384	385
Hog Receipts (1,000 head)	503	505	364
Wool Receipts (1,000 lbs.)	1,177	4,484	4,540
PRICES (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$ 1.24	$ 1.23	$ 1.10
Cotton (middling, New York, lb.)	$ .187	$ .189	$ .194
Iron and Steel (composite, ton)	$36.24	$36.32	$35.57
Copper (electrolytic, lb.)	.178	.178	.150
All Commodities (Fisher's index, 1926-100)	94.7	94.7	99.4
FINANCE			
Total Loans and Discounts, Federal Reserve member banks (millions)	$17,269	$17,428	$15,967
Commercial Loans, Federal Reserve member banks (millions)	$ 9,582	$ 9,602	$ 9,160
Brokers' Loans, New York Federal Reserve member banks (millions)	$ 6,801	$ 6,713	$ 4,664
Federal Reserve System Ratio	73.1	74.4	67.3
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	19,140	23,927	17,687
Stock Prices (N.Y. Times, average 50 stocks)	$294.65	$284.37	$204.66
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$56,081	$55,715	$44,627
Bond Prices (Dow, Jones, average 40 bonds)	$ 92.16	$ 92.04	$ 96.51
Interest Rates—Call Loans (daily average)	6%	7½%	6½%
Interest Rates—Time Loans (daily average)	8¼%	9%	7¼%
Business Failures (Dun, number)	368	396	350

and exports still run behind last year, but mill takings have improved somewhat lately.

There was a further decline in the iron and steel composite for the week, although it still remains above last year's level. Copper prices remain steady and demand continues slack.

The trade indications are quieter. Rail movement of goods as a whole for the latest week fell off as is usual at this time, but the decline was somewhat larger than last year and about the same as in 1927. Still, the daily average total carloadings was almost the same as a year ago. Compared with last year it is significant that there were considerable increases in miscellaneous and less than car-lot freight.

EXPORTS in September showed the usual increase over August, while imports declined. The rise in exports was accounted for almost wholly by an increase in the value of raw cotton exported. The September exports figure, however, was the largest for the month in any year since 1920, excepting 1926. Imports also were the largest since 1920, with the single exception of September, 1925.

A favorable sign of sustained domestic trade is the fact that employment in September was nearly 1% above August and 4.5% above September, 1928, while payrolls were 1.2% higher than in August and 7.5% over last September.

Business failures showed a decline in number for the week but were above last year.

Money and The Market

UNCERTAINTY continues in Wall Street, and is reflected in the stock market. The trend this week was generally lower, the decline interspersed with rallies. Wednesday's secondary decline hit traders a real blow. Although rebounding tendencies can be seen, prices never get all of the way back after a drop. There is a pronounced lack of buying at higher levels.

Credit and business—these are the factors of which the Street is doubtful. The week brought little additional information in regard to either. There was more bad news than good, however.

Money tightened in response to mid-month demands. United States Steel ingot production dropped off. Col. Leonard Ayres coined two phrases for the Street to think about. He talked of a "creeping bear market" and concluded that stocks in recent weeks had not been "passing so much from the strong to the weak as from the smart to the dumb."

Broker's loans surged upward $88,000,000 to almost the high record. A vulnerable spot was hit by the Massachusetts Utilities Board's denying Boston Edison permission to split its stock. Foreign exchange was a little unsettled by withdrawal of official Spanish support from the peseta and the decline of that currency.

Favorable was a bullish statement by Robert P. Lamont, Secretary of Commerce, on Monday. The Federal Reserve board in its *Bulletin* was non-committal, on some subjects mildly favorable. Prof. Irving Fisher was bullish, does not expect a further decline.

The money market is in a position to be unusually sensitive to Federal Reserve influences, which in New York seem to be toward some easing. This is particularly noticeable in call rates; time money also has eased off almost 2% from two weeks ago. Commercial rates generally are unchanged.

The near future is a highly important riddle. The peak of seasonal fall demands passed during this mid-month week. Very slight easing normally is present. The policy of the Reserve system in the bill market will tell the story. With the first period of bill buying past, it is noticeable that the Reserve has purchased bills in unusual volume this year; considerably in excess even of autumn credit needs. The only interpretation possible is that it wants to ease conditions. It is highly improbable, however, that this will continue.

Member bank returns showed the heavier autumn demand for credit is passing; total loans and investments dropped off $156,000,000. The decrease ran all down the line, heaviest in loans on securities. Demand deposits dropped off $255,000,000; time deposits slightly.

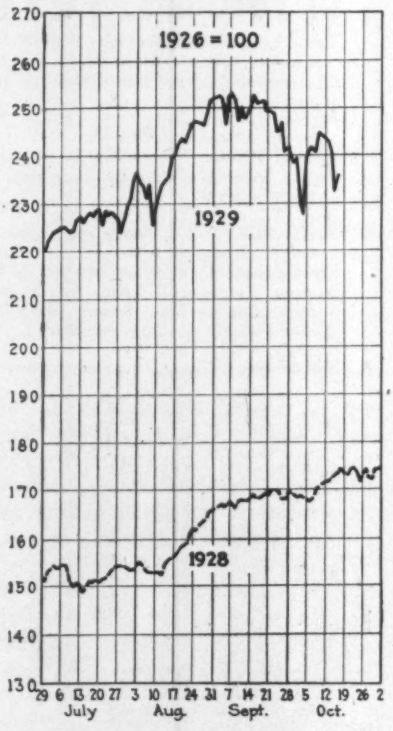
The increase in brokers' loans to within $3,000,000 of the all-time high record of $6,804,000,000 on Oct. 2 was not unexpected. The Street was not happy at this development, nevertheless. New York banks, practically out of debt at the Reserve and finding decreasing commercial demand, put $122,000,000 more into the call market. Out of town banks, which have been decreasing their call loans since mid-September, sent $32,000,000 back to the call market. Non-banking lenders withdrew funds heavily as a result of mid-month needs.

The Federal Reserve continued to buy bills this week, adding $27,000,000. Borrowings from the system went down slightly, almost to the low point of the year. Holdings of government securities were slightly less. In all, Federal Reserve credit outstanding increased $25,000,000. Member bank reserve balances increased sharply and the ratio for the system dropped to 73.1% from 74.4% last week. The New York Reserve bank ratio dropped to 83% from 85.3% but continues highest in the system.

Foreign stock markets did nothing unusual in the week. The Paris Bourse and the Berlin Boerse were both weaker and unsteady. London resembled New York in having no marked trend, although money was comfortable.

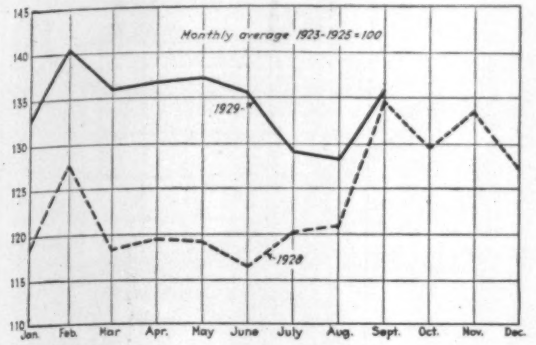
THE MARKET DAY BY DAY

(Standard Statistics Company's Daily Stock Price Index)



INDUSTRIAL CONSUMPTION OF ELECTRICAL ENERGY IN THE UNITED STATES

(Electrical World)



Electric Barometer Reads Fair

THE consumption of electricity by more than 3,600 manufacturing plants reporting to the *Electrical World* shows some irregularity in industrial activity during September, but a fair general gain for the month and the year. Operations for the country as a whole, so far as they are measured by the amount of electricity used, were about 6% above August and 1% above September last year. The general index for September, 1929 stood at 135.8 compared with a monthly average of 100 during 1923-25, 128.2 in August, 1929, and 134.5 in September, 1928.

Six industrial groups—chemical products, rolling mills and steel plants, metal working plants, forest products, textiles, and stone, clay and glass products—were more active during September this year than last. On the other hand, five important manufacturing groups—food products, leather products, paper and pulp, rubber, and automobiles, parts and accessories report a rate of activity under last September. Compared with August this year every industrial group except automobiles showed an increase in activity.

Operations in the automobile industry declined 3.4% below August and were 14.2% under September last year. The September rate was the lowest for any month this year so far and is the third consecutive month in which activity has been under the same month in 1928.

Ferrous and non-ferrous metal working plants showed an outstanding gain in operations during September, when activity was the highest reported since last April.

Operations in the various regions showed considerable irregularity also. Those in New England were 2.5% above last year, and the Middle Atlantic states and Western states showed an increase of 1.5% over last September. Activity in the North Central states fell 3.3% compared with last year, the first decline below the previous year for this area in twenty-three months. The Southern states also showed a falling off of nearly 1% as compared with last year.

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Business Opinion Also

GOLDMAN SACHS & COMPANY recently asked a number of representative business concerns in various lines for their confidential opinion about present and prospective conditions, in view of the general impression in the Street that a business recession is impending. The replies from forty-five of these concerns to which THE BUSINESS WEEK has had access, show that, so far as these companies are concerned, the present situation is generally good and the outlook favorable.

The chief weakness in the situation, as revealed in these replies and as has been pointed out in these pages, is in the building, iron and steel, and automobile fields.

Building contracts in September declined 24% below last year. This is the largest monthly decline so far this year and probably means that building this year will be, as a whole, smaller than that of the last four or five years. The decline is ascribed principally to tight money. There is some difficulty in obtaining funds for excellent building projects. Whereas previously less promising projects have felt the money pinch, this is the first time that the scarcity of funds has been the sole cause of indefinite postponement of the better class of building operations.

In the Birmingham steel district general business feeling is reported better than it was in the spring and early summer and southern conditions are expected to improve gradually.

In the Chicago district steel operations have dropped at least 20% in the past month and incoming business is said to be sufficient only for operations at 70% to 80% of capacity. There is some improvement in demand, particularly from railroads, and a fair business is anticipated during the fourth quarter, but no material increase in present rate of operations is expected.

There was a drastic decline of consumer demand for automobiles in September which has continued so far in October. This is ascribed to exceptionally heavy buying during the first eight months because of deferred consumer demand last year. This demand is believed to have been satisfied and to have returned about to normal.

In the rubber field, tire sales have shown more than a normal decline, but other lines of rubber goods are holding above last year.

In food manufacturing lines the reports are generally optimistic, but there is some evidence that high money is resulting in a reduction of jobbers' stocks and thereby retarding factory shipments. The shoe business is reported to be better than it has been in some years, but slight recession during the next six to twelve months is expected by some concerns.

In the textile field the replies are uniformly optimistic, but small profit margins and the pressure of competition are emphasized as continuing conditions.

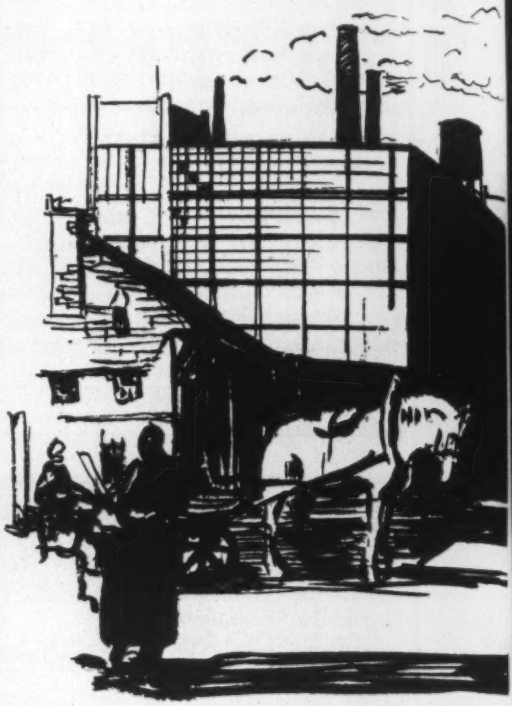
Wholesale dry goods and drug concerns report a favorable outlook. Department stores, retail chains and mail order companies are expecting good business during the rest of this year.

Periodical publishing concerns feel that the outlook for sustained business is good, judging by the level of advertising volume coming forward for next year—an indication of favorable business expectations in a wide variety of lines.

Many of the replies to this inquiry emphasize the uncertainty in the stock market outlook and the tendency of stock market activities to absorb investment funds to the detriment of business, especially in such fields as building and real estate. There is some indication also that crop failures in some sections of the country may retard lines of business depending largely upon those sections and upon agricultural purchasing power.

Do Foreign Branch Plants Pay?

—and How?—and When?



AMERICAN factories are seeing the world nowadays. In 1914, half a dozen American firms operated foreign plants. Now Canada, alone, has 2,000 branches of factories in "the States." In other foreign lands, 200 American companies operate 2,000 more plants.

Exclusive of oil, mining, the extractive industries, about $1,300,000,000 is invested in factories scattered from Buenos Aires to Shanghai that are wholly or part American; factories worth half this sum are owned outright, or completely controlled by Americans.

And the end, apparently, is nowhere in sight. Representatives of the Department of Commerce in foreign countries handle a constantly increasing stream of inquiries from American firms which contemplate foreign branch operations. Almost daily we learn that an American concern has bought a foreign plant, or has made plans to establish a foreign branch, or has otherwise dipped into international manufacturing.

WHAT is behind this vast growth in American branch manufacturing? Does it pay? The second question cannot be answered with any degree of exactitude. But a very interesting answer to the first may be based on the history of foreign branch operations and the information obtained by the Department of Commerce in its survey of trends and pitfalls.

What are the pitfalls? Well, they include almost every conceivable sort of trouble and annoyance, from the machinations of labor unions and disgruntled business rivals to petty persecution by local officials and tax collectors; they are so numerous and so varied that they received exhaustive consideration in a survey of American branch factory operations abroad recently completed by the Department of Commerce—the most comprehensive ever attempted.

The Department's report, soon to be presented to the Senate, shows clearly that whenever an American manufacturer asks himself, "Shall I start a branch factory abroad?" the answer is never simply "Yes" or "No." The answer cannot be found until the project has been investigated extensively and from every angle, and until a million and one circumstances are taken into consideration. And, even then, likely as not, it will be wrong. Many firms which have exercised extraordinary precaution in inaugurating their foreign operations, have been wrecked by situations which could not have been foreseen.

The earliest reason for the establishment of branches was probably to lower transportation costs. That was why jute mills were built in India and quebracho extract plants in the River Plata country. In recent years an influential cause has been the foreign patent laws and their "working clause." In many countries these laws make a patent invalid unless the patented product is manufactured there. This has had a marked effect upon the development of foreign branch operations by the electrical and automotive industries.

A survey just made by THE BUSINESS WEEK—admittedly not exhaustive—indicates that thirty-eight automobile manufacturers operate 109 branch plants in twenty-nine foreign countries. Ford has thirty-two branches, and General Motors twenty-two. Food products also show a great expansion of foreign manufacturing. Thirty-one American food makers operate fifty-three foreign plants. Twenty-seven drug and chemical manufacturers have fifty foreign establishments. Nineteen makers of miscellaneous goods have thirty-three factories in foreign countries. Fifty concerns which make various machines and equipment have 110 branches scattered throughout the world. This list contains some of the best-known names in American commerce, but that does not necessarily mean that all of their foreign operations are continually successful.

THE two most obvious reasons for establishing foreign branch plants—tariff and low wages—are not always

Here is light on a question much in the mind of American manufacturers nowadays

▼

as important as might be supposed. Low wages, especially, are very often a mirage that has deceived many American executives whose business vision was otherwise clear. For low wages do not necessarily mean low manufacturing costs. In Germany, for example, workers in the mechanical industries receive not more than one-third the wages of similar workers in the United States. But their output is only about one-third that of the Americans. Given better and more machinery, better management, higher standards of living, and, generally, better working conditions, American labor will turn out a sufficiently larger volume of production to offset the lower wages of the foreigner.

The tariff, too, is not always a blessing. In Canada the branch factory may profit by the law which permits it to sell in other British colonies in competition with English goods. The same is true in French and the French African colonies. But many European tariffs have been devised to build up domestic industries. By manipulation of rates and classifications complete and partly finished parts are frequently embargoed. Moreover, foreign tariffs are less likely to be stable than those of America, even with the latter's flexibility provision. Almost without exception, European tariffs are subject to change on very short notice and for no particular reason.

An automobile manufacturer learned this, to his sorrow, when he opened a plant in a country where the tariff regulations promised immensely profitable operation. But, just as the factory was ready to turn its wheels, radical changes were made in the classifications of various imported items. The result was that the plant could not operate, the whole venture being tied up for several years while the owner negotiated with the foreign government. Another manufacturer was assured by federal officials of generous consideration in tariff schedules. But provincial officials promptly levied heavy export taxes against him. He has a fine plant, but he cannot ship his product outside the small province in which his factory is situated.

It is true that the establishment of branch factories in Europe brings the manufacturer in close proximity to desirable markets. But this advantage is not so valuable when it is considered that the tariff walls surrounding European countries make mass production extremely difficult. Austria, for example, is ideally located for general European distribution. But it is entirely surrounded by tariff walls and nationalistic animosities, and so can be used only with great difficulty as a central distributing point.

Several members of the automotive industry are attempting to establish a plant behind each of the tariff walls. But attempts to introduce American ideas of mass production into a highly individualized industrial country are not often successful. Sometimes the results are disastrous.

Many years ago a leading American manufacturer undertook to establish a branch plant in England, chiefly to introduce modern industrial ideas. Bricklayers were accelerated from the standard 500 bricks a day to 2,000, following Taylor methods, and similar activities were projected. But British industry promptly jumped upon the interloper, and there was constant turmoil, hostility and obstruction, which finally brought about the sale of the plant to British interests. And the sale terms transferred not only American designs and specifications but forthcoming new designs, results of American research work. The British concern is now an important figure in world markets. It is still being supplied, gratis, with the designs developed in the laboratories of the original American concern.

The Leverhulme soap interests, of Great Britain, lost their Japanese soap market under similar conditions. Leverhulme's now has to compete with an inferior product bearing its own trademark.

IN many instances lower freight rates are an advantage to American manufacturers who would operate branches

abroad. This is especially true in countries like Switzerland, where heavy tare charges are imposed. Automobiles boxed in the United States and shipped cannot hope to compete with cars built in adjacent countries and run across the boundary into Switzerland under their own power.

Lessening of nationalistic propaganda has also been suggested as one of the beneficial results of branch operation. Great Britain has been carrying on an elaborate "Buy British" campaign, and many American manufacturers believe they can best combat the propaganda by establishing an English branch, employing English labor and using English materials. But it is questionable whether such campaigns will exert much influence upon buying methods. Even patriotism has a habit of subsiding when the pocketbook is threatened. All Britain is stirred by the "Buy British" campaign, yet importers of frankly American products have been able to meet competition. They simply offer better bargains and lower prices.

Increased use of American machines, materials and methods is claimed as an advantage of factory branches. In 1928 exports of American machinery were $206,000,000, just double that of 1922. Much of this went directly to branch factories, but fully as much went to foreign concerns who were putting in American production methods, and were, therefore, preparing to compete with the American branch factories. It is clear that such competition cannot benefit the branches.

Obviously our own commerce is curtailed by foreign branch manufacturing operations. Profits, if any, may accrue to American interests, but wages, taxes, and other expenses go to foreigners. It was this factor that undoubtedly inspired Matthew Woll's recent tirade against foreign branch plants.

Sometimes the harm done to American commerce by foreign branches is definite and may be stated in concrete terms. For example, from 1924 to 1928 our shipments of tires to South America increased from 250,000 to 516,000 pieces. But during the same period the shipments from American branch factories in Canada increased from 80,000 to 403,000. No tariffs were lowered by shipping from Canada. The Canadian shipments might just as well have been made from the United States. This particular expansion of branch factory production, then, has clearly been at the expense of American labor and industry. Similarly, the Scotland plant of the Singer Sewing Machine Company supplies most of the export market. And soon the Ford plant in England will furnish Fords to all Europe.

European taxation is an out-and-out discouragement to the establishment of branch factories. In some countries, such as France, taxes are based upon the entire resources of the parent concern, so that a small factory may be paying imposts far in excess of its earning capacity. Also, any industrial venture in Europe involves acquisition of the privilege of helping to pay war debts, reparations, the cost of armament, and other diplomatic accessories.

Another Hill Ahead for Great Northern

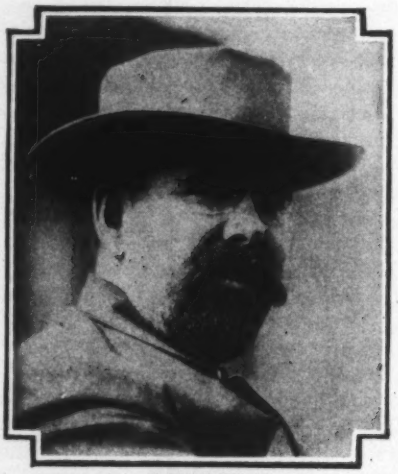
FOR the first time in fifty years the roster of chief executives of the Great Northern Railway does not include the name of Hill.

Last week Louis W. Hill, son of "Empire Builder" James J. Hill, resigned as chairman of the board, although he remains a director and a member of the executive committee. Accepting his resignation, the directors abolished the chairmanship. They re-elected present officers of the road, including the President, Ralph Budd.

Fifty-six years old now, Mr. Hill entered the employ of the Great Northern at 20, when he was graduated from Yale. He succeeded his father as president in 1907. Hereafter he will devote himself largely to his personal interests and hobbies. He will paint and collect art, will travel, hunt and fish.

The break in the Hill dynasty may be only temporary. Louis W. Hill, Jr., has for several years been learning railroading as a section hand, bill clerk, and car chaser. He will soon be ready for a responsible post. The Northwest believes he will succeed grandfather and father.

Mr. Hill, Sr., is almost as well known as a banker as a railroad executive. He is interested in several New York banks, and is the largest individual stockholder in two groups which control the northwestern banks with more than $1,000,000,000 in resources. To a representative of THE BUSINESS WEEK he commented upon the banking, railroad and agricultural situations:



RETIRES

One of the few pictures ever taken of Louis W. Hill, son of the late James J. Hill, who has resigned as chairman of the board of the Great Northern

"New transportation agencies will bring more business to the railroads than they will take away. Revenue losses attributable to motor vehicles are more than offset by additional revenues they have provided.

"American rail lines have passed through the era of great construction activity and now look forward to intensive development of established routes. I am confident of their prosperity in the years to come.

"However, transportation as well as business in general cannot expect to reach the top rungs of prosperity until agriculture is in a better financial position. When the farmer shall receive a regular and assured profit the whole nation will benefit.

"As to banking, I believe we are on the right path here in the Northwest. Large, well managed organizations will assure stability and increase efficiency. It has not been long ago that it was easier to open a new bank than a barber shop. We require examinations and licenses for elevator operators, steam engineers, lawyers and dentists, but not for bankers, to whom are entrusted the life savings of thousands of men and women. The sad experiences of the public with poorly managed banks should cause us to welcome the arrival of a new system which makes for more responsible management and greater safety."

Burroughs

Accounting Machine

Effects substantial economies in office expense by handling more efficiently such work as payrolls, purchase records, pro-rating, cost records, billing, et cetera.

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Do Power Stocks Sell Too High?

ARE public utility stocks too high? Do earnings, either actual or immediately prospective, justify present levels? Has the limit of safety been reached?

An analysis of the situation, issued this week by *Electrical World*, answers:

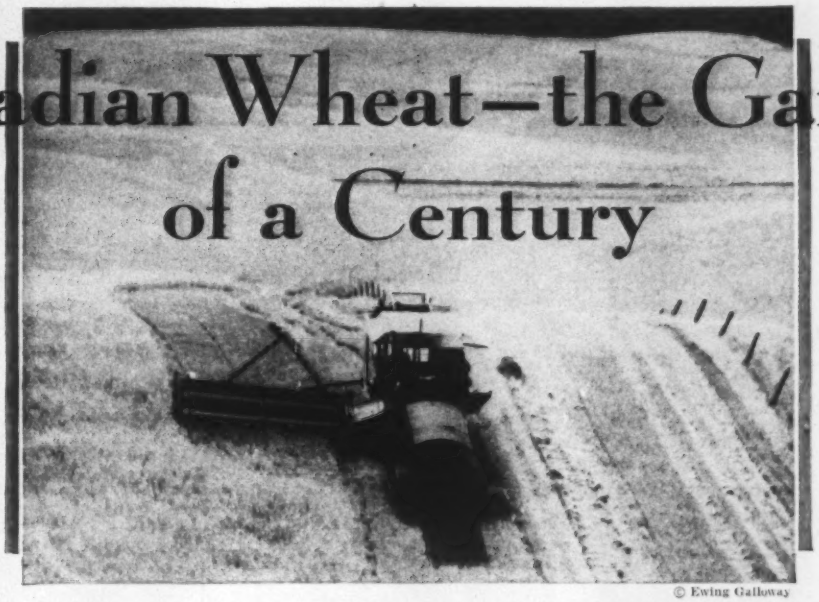
Certainly the market is entirely out of line today by standards which seemed dependable less than a decade ago. Then it was regarded as normal that a stock should sell somewhere around 10 times its annual per share earnings. Today, a representative group of utility operating companies' stocks sells for 30 times earnings.

Reasons advanced for rapid appreciation of utility stocks include: steady increase in the volume of available capital; increasing importance, in investors' minds, of appreciation as compared with yield; increased public confidence in the inherent stability and future earning power of utilities; a feeling on the part of the public that the market for utility securities is purely speculative (minute analysis of earnings position apparently bears little weight); a willingness on the part of investors to gamble on the probability that the public service commissions will continue to refrain from attempting to force a more rigid ratio between market price and valuation.

General conclusions of *Electrical World* are: Present prices are not justified in terms of present earnings, but future prospects are primary considerations in the minds of investors. The market supply of many utility stocks is limited and the demand for these stocks is widespread. The utility holding companies themselves have adopted a partnership basis of stock division by forming a top holding company and no one of the interested holding companies will release any of its shares of parent stock lest it lessen its share of control in subsidiary properties.

Many purely investment trusts have been organized recently and have bought utility stocks on the market—mostly the same stocks. On top of this, the public is buying. None of these buyers will readily dispose of the stock holdings because of the generally favorable outlook. Thus the stock supply is limited and the buying power unlimited and a rapid rise occurs. The analysis indicates no instability, however. The electrical business is good and earnings are on the up-grade.

Canadian Wheat—the Gamble of a Century



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CANADA is engaged in one of the most dramatic economic contests in the history of world trade. It is a truly titanic struggle, affecting temporarily almost the whole financial, commercial and industrial fabric of the Dominion, involving hundreds of millions of dollars of Canadian credit, influencing the value of the Canadian dollar on foreign exchanges, and menacing an important part of the food supply of some fifty million people overseas.

It is an astonishing contest, in that it finds the farmers of the Canadian West, until recently practically helpless, voluntarily engaged in a trial of endurance with powerful interests backed by unlimited capital in Great Britain and Europe.

In brief, it is a gigantic international gamble over Canada's most important and valuable item of production and export, her wheat crop. Perhaps its nearest parallel was the great rubber war of a few years ago between British producers and United States purchasers which led the Americans to attempt to attain independence in rubber supplies.

THE struggle has been in progress for two months now. British buyers refuse to pay a higher price for Canadian wheat than for Argentine and other wheat. The Canadian farmers, through their highly organized wheat pool, resolutely hold out for their own price, which they have fixed far above the prevailing world price and which they justify on the ground of the greatly superior quality of this year's Canadian wheat crop.

There is no sign of weakening on either side, no indication that a climax is approaching.

Pool plays for staggering stakes in a game we may try some day

That the conclusion must come in the near future with the capitulation of one side or the other is inevitable, of course. Some observers of the situation hold that it must come by the end of the year at the latest. The outcome depends in a large measure on the ability of the wheat pool to retain its financial credit indefinitely, and this in turn may be determined by the extent of the effect of the grain tie-up on the general business and industry of the country.

The hope of the wheat pool and the western farmers rests in the possibility of their being able to hold out until the other sources of Great Britain's wheat supply approach the point of exhaustion, when the buyers would be compelled to come to terms. It is significant in this connection that one of the largest banks of the country, the Canadian Bank of Commerce, is defending and justifying the course of the wheat pool, urging that it is in the interest of Canada that it should succeed. Never before have the always conservative Canadian banks given their support to a commercial policy fraught with such serious consequences to established and essential industry and business generally.

THIS contest between Winnipeg and Liverpool has been made possible through the increasing strength of the Canadian wheat pool—three affiliated pools, one for each of the prairie provinces, with a central selling organization. The pool controls and handles 53% of the western crop and is thus able to fix prices on the entire crop. The independent buyers of the remaining 47% are compelled to recognize pool prices.

Up until a few years ago, or before the advent of the pool, the farmer had to market a large part of his crop as soon as it was harvested at whatever price offered, in order to make mortgage payments on his land and redeem notes on his equipment. He was at the mercy of his creditors, and they were not unduly lenient. He was constantly complaining against the centralized banking system, which he claimed withheld from him the credit which would have enabled him to market his produce to better advantage.

But the pool has changed all this. From the pool he receives something like eighty or eighty-five cents a bushel (the amount depending on the anticipated selling price) for his wheat on delivery, a second instalment the following spring before seeding time, and a final payment about July in accordance with the prices the pool has actually received for the grain. The pool finances the advance payments on bank credit.

Of the 500,000,000 bushel crop of 1928, 100,000,000 bushels remained in Canada in June last, and there was even then some congestion at the port of Montreal. Notwithstanding this, and notwithstanding indications of a largely increased world production of wheat,

the pool concluded, as this year's crop matured and its high quality, mostly number one and number two northern, became apparent, that it could command more than prevailing world prices. Accordingly, for the last two months it has maintained prices at Winnipeg from fifteen to thirty cents higher than those obtaining at Chicago.

Refusing to pay these prices, British and Continental (most Dutch) buyers have been procuring their supplies from the Argentine, Australia and some of the European countries. The result has been that whereas 71,000,000 bushels of Canadian grain, mostly wheat, was exported from Montreal during August and September last year, only 15,000,000 bushels were exported during the corresponding period this year. The Montreal elevators are filled to capacity and forty-seven lake vessels carrying 4,500,000 bushels are in the harbor unable to unload. The congestion has backed up, filling the elevators of the lower lake ports of Goderich, Port McNichol, Depot Harbor, Midland and Port Colborne. The 80,000,000 bushel capacity of the terminal elevators at Fort William and Port Arthur is exhausted. Vancouver, which handles about 35% of the wheat exports and which is open the year round, is partially congested. The point has been reached where there is very little movement of wheat either from or within the country and to prevent further congestion at the ports the railways have been forced to the expediency of rationing cars to the prairies.

NATURALLY, this situation has a serious effect on economic conditions throughout the country. In October the weekly earnings of each of the two great railway systems have fallen $1,500,000 below those of last October and during the last two months 20,000 railway workers have been laid off and the working time of the remainder reduced. The railway presidents have felt impelled to deplore, in joint and separate statements to the public, the contest between seller and buyer for control of wheat prices which has led to these conditions. Lake shipping traffic is as badly hit, with vessels holding cargoes on board for as long as a month. One of the principal companies is now putting a large fleet into winter quarters, having abandoned the hope of any movement of grain by water this season. The condition of the transportation business is inevitably reflected in business and industry at large. One immediate and direct effect of the tie-up is seen in the Canadian flour milling industry, which, in the year ending July 31 last, became a greater exporter of flour than the milling industry of the United States, but whose production during August and September dropped 50% from that of the same period last year owing to the high price of wheat.

THE prospect of any considerable movement of grain either from the port of Montreal or down the lakes this season is now practically past, as navigation will close in about six weeks. When the deadlock is broken, the wheat will have to move by the expensive all-rail haul to St. John and Halifax.

Meanwhile, with wheat pool officials claiming the victory must be theirs on the ground that the British importers have only six weeks' supply from other sources in sight, the International Institute of Agriculture at Rome issues figures on this year's world production which are hardly calculated to confirm their optimistic attitude. According to the Institute's survey, the world's wheat production this year, exclusive of that of Russia, France and the Argentine, from which countries figures are not yet available, will be 252,000,000 bushels in excess of last year. There would seem to be some encouragement here for the British buyers in their contention that they can meet their requirements without surrendering to what they characterize as the Canadian pool's price holdup. Moreover, it is now expected that France and Germany, which have been wheat importers, the latter to the extent of some 80,000,000 bushels last year, will this year export wheat. Russia, which has been a negligible factor in the world's wheat production in recent years, may have a surplus of this year's crop to export through the Black Sea. It is also claimed by the British buyers who are withholding orders from Canada that as prices rise, consumption decreases, sometimes by as much as 10%.

THE Canadian wheat marketing pool took some steps early this year toward bringing about a working arrangement with Argentine wheat growers. They hoped that such an arrangement would enable these two key wheat countries together to control the world price, if not this year, possibly next. Nothing has come of this effort so far, so that the Canadian pool this year is playing a lone hand against the world's wheat producers and buyers.

It is now counting, however, upon help from the United States. American wheat growers and co-operative marketing associations may not merely be watching with the keen interest of bystanders the outcome of the desperate game which Canadian growers are playing; they may actually be taking a hand in the game themselves before the year is out, and almost certainly will be playing heavily in it next year if a similar situation arises.

The organization of the Farmers' National Grain Marketing Corporation sponsored by the Federal Farm Board is almost completed and is expecting to begin operations about November 1.

It is almost certain to join in any effort to hold this grain for higher prices, convinced like the Canadians that the world owes it more for its wheat. Here, too, not only the banks but the State government of North Dakota and the Federal government through the Farm Board will certainly be willing to back the grain corporation in playing this game with enormous amounts of credit. If this is not sufficient, the Farm Board, as Chairman Legge has already said, will use its funds to buy up and hold wheat for a better price, should there be any sign that the Canadian and American wheat sellers will so far weaken as to dump their reserves upon the world market and break world wheat prices.

The outcome of this play for big stakes between the North American wheat grower and the world will make a decisive test of the possibilities of controlling the world market in a staple commodity grown in nearly every country. It has been tried before in rubber, sugar and other commodities and has usually failed, sometimes with disastrous results.

If it now succeeds it will be a powerful stimulus to further efforts of the same kind.

If it fails it will mean not only widespread hardship and loss, but it may radically alter some of the present tendencies in this country in farm relief policies.

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YOU'LL never know what constructive thinking this man can do if he never gets a chance. He's hopelessly entangled in the deadly monotony of inadequate figuring methods—methods which are slowly stifling his enthusiasm, energy and ambition until he himself cries out, "Oh, what's the use?"

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New Uses For An Old Fiber

THE cotton mills of the country are capable of producing considerably greater quantities of fabric than the market can absorb.

What to do? Obviously, either decrease the number of mills or increase the uses for their products.

Since there is no known method—other than that of the survival of the fittest—whereby the number of manufacturing plants within an industry can be adjusted automatically to the balance between supply and demand, the alternative seems to be the only way out.

At any rate, it is the one which the cotton industry is following intensively just now. Through the New Uses Section of The Cotton-Textile Institute, and in cooperation with the Department of Commerce and the Department of Agriculture, the industry has been engaged for three years in a study of new uses for cotton. These three organizations have joined in a New Uses Committee.

In some industries, the only opportunity for expansion lies in extension of existing uses. A cigarette has only one known function. This is equally true of its arch-enemy, the sweet.

In cotton goods, however, the number of possible new outlets is unlimited. They can be—and have been—listed by the hundreds. However it is not only necessary to list them. In each case, it has also to be proved that a cotton fabric is an economical substitute for the material in use. It is this phase which requires most careful study and experimentation.

ROUGHLY, there are three major types of uses for cotton fabrics: Industrial, household, and apparel. The industrial group offers the best opportunity for development. The textile industry is affected of course by vagaries of women's styles, but fortunately there is a much less fickle market for its products. It is this market that the New Uses Committee is cultivating particularly.

Cotton, which has entered into the automobile in so many different forms, is now an important raw material for the airship. It is used for covering the fuselage and wings of many planes, in covering blimps, pilot balloons, dirigibles, flashlight bombs for night aerial photography, in parachutes, star shells, upholstery, and flying suits.

Letters and symbols, made of cotton fabric, are also placed upon highways as "guides" for traffic. These represent an estimated potential annual market for 5,000,000 sq. yds. of cotton goods.

Cotton is used for the cleavage cloth used in concrete roads and structures. This cloth, not previously made of cotton, is of loose mesh and is laid over a cement base with the surface of the road molded on it. Cotton fabric has been found to be a satisfactory substitute and is being used in test sections of roads at present. This represents another 5,000,000 sq. yds. as a possible annual consumption. In addition, development work has been done on the use of a cotton fabric membrane combined with tar, asphalt and sand for improving rural roads.

Cotton bags and other containers are being pushed. It is estimated that 500,000,000 sq. yds. of cotton goods are thus consumed annually and a big increase can be effected.

In the home, cotton fabrics find a variety of uses, all of which can be extended. One possibility is the establishment of a 108-inch standard instead of 90, for bed sheets. Promotional work has resulted in a sharp increase in the demand for longer sheets.

HERE are a few suggestions explored recently:

Launderable cotton wiping cloth to replace cotton waste; white cotton coats for traffic officers; cotton sacks for onions (to replace crates); cotton bags for rubbish; small cotton bags for retail distribution of coal; cotton pad for false teeth; cotton top for potato barrel; cotton for truck casters; cotton neckties.

The Architectural League co-operated with The Cotton-Textile Institute in its contest for outstanding awning designs. The publicity resulted in bigger sales.

There has been no attempt to "sell" the nation on a broader use of cotton from a patriotic standpoint. The entire activity is based on the knowledge that no use of cotton fabrics can be permanent unless it is economically sound.

There is a lesson in it for other industries that run into a slump. It is, never give up.

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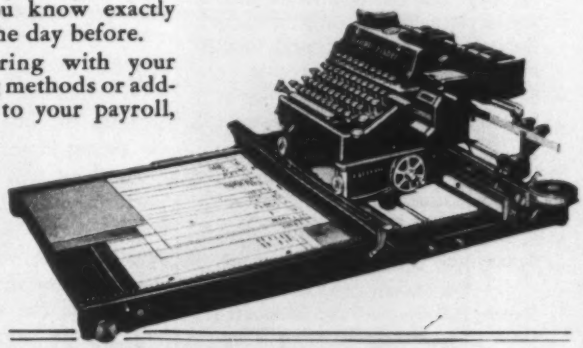

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The Week's BUSINESS Speeches

THOMAS D. McMAHON, president, United Textile Workers:

"The development of unions simultaneously with further industrialization of the South will assure sounder, better balanced progress. Permanent progress cannot be built on low wages, long hours and special concessions.

"The South has raw materials, American workers, power resources and a need for more industries. But unless these industries are prepared to give a square deal to workers they are not only pillaging the resources of the South but are sowing the seeds of class conflict in most dangerous soil. The Southern worker will not meekly bear injustice when experience teaches him standards of justice.

"We urge all organizations to include in their organizing plans for the coming year definite provision for work in the South. Organizing work in the South cannot stop until all industries are thoroughly organized."

American interest in German business is growing and our investments will continue. Germany need not be alarmed at large American purchases because history shows these shares eventually have a tendency to flow back to their source.—Charles E. Mitchell, chairman, National City Bank.

MELVIN TRAYLOR, American representative on the committee to organize the International Bank under the Young Plan:

"Business must be a one-man affair. There cannot be two men making the policy. A successful organization can have only one 'yes and no' man deciding the policy and making the final decisions. He can delegate authority and build up an organization, but can the human mind encompass some of these larger aggregations of capital running well into billions of dollars?

"America will never return to the small unit system. Whether it will go to nation-wide chains or limited regional groups, it is impossible to say now."

COUNT R. N. COUDENHOVE-KALERGI, president of the Pan American Union:

"It must be taken into consideration by all European states and by the United States that China is the natural market for Japan in the same way as is Russia for Europe, while Central and South America belong to the economic influence of the United States, and India and the dominions principally absorb British products."

FLOYD L. CARLISLE, New York banker:

"The average college man enters business late. The most formative period of his life, from 18 to 22 or 23, is spent in a place where he acquires lazy habits of thinking. A university cannot produce in men the drive that business gives them. They are not required to work rapidly and accurately, and life is easy and soft for them. There is no training in detailed work. The backbone of business today is the rapid absorption of details, and there is nothing in college that trains a man to this ability."

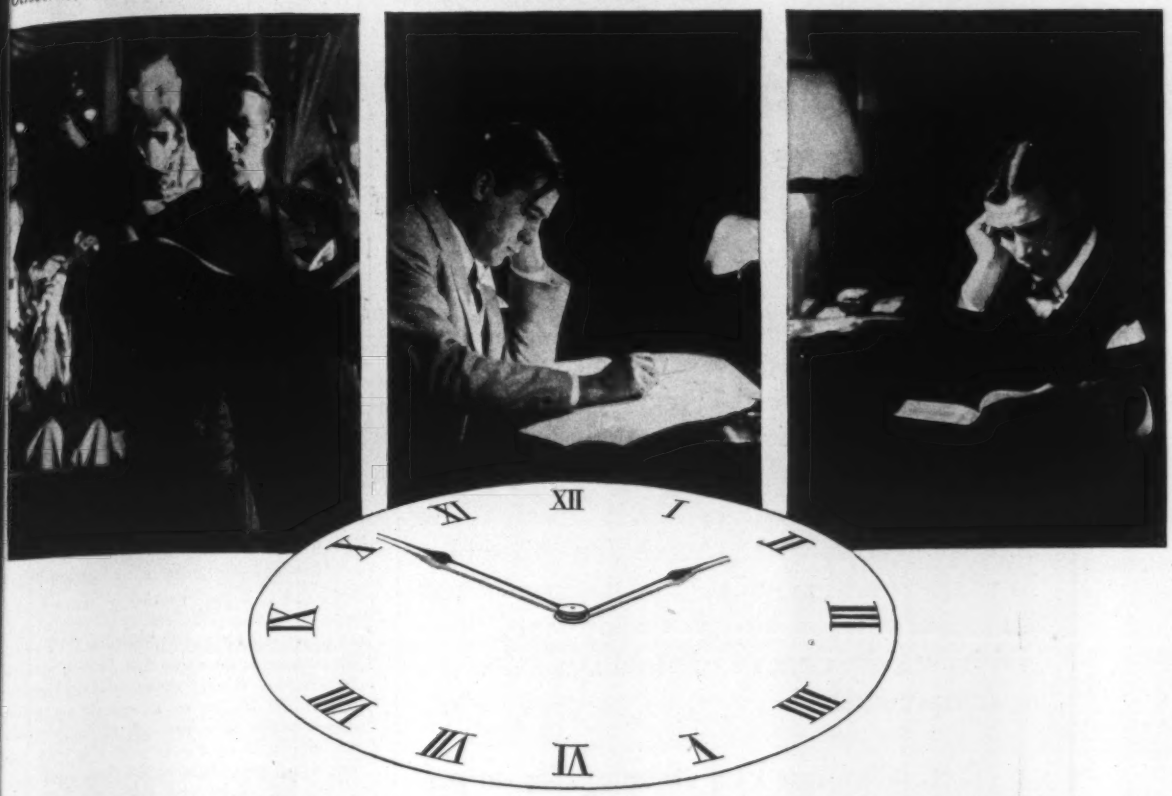
It's much easier to run any organization by common sense than it is by law. —Alfred E. Smith.

MATTHEW WOLL, vice-president, American Federation of Labor:

"Labor is suffering and will continue to suffer severely as long as gigantic mergers in the industrial world continue.

"The masses of laboring people will be throttled and discriminated against until finally they will turn to their voting power for relief. Then the State will step into control of industry."

The public will accept mergers and consolidations just as soon as it is convinced they are in the public interest. Benefits to society at large must come out of them. These must be benefits that can be measured, understood, gossiped about by the rank and file customers.—Matthew S. Sloan, president, National Electric Light Association.



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Extra Fares 48 Years Old

IT ALL happened because a weary clerk in the Interstate Commerce Commission had learned too well the lesson of being ever on the watch to find a way which nobody else has yet thought of to be helpful to superior functionaries. He found it, and the upshot was to throw into uncertainty and confusion the very basis of the railroad's passenger-hauling business, for the innocent young man discovered extra fares on passenger trains seem to be illegal! So the I. C. C. has just started an investigation.

Where had he found this unsuspected little point which was destined to have the owners of a thousand limiteds up on the carpet? Right there in Section IV:

"It is unlawful to charge more for the transportation of passengers or like kinds of property (sic) for a shorter than for a longer distance over the same line in the same direction, the shorter distance being included within the longer, or to charge any greater compensation as a through route (sic) than the aggregate of the intermediate rates subject to the provisions of the Act."

For 48 years, the railroads had been demanding and receiving extra fares for extra-type trains, extra fast, extra fine, extra anything.

The railroads may strike back to the fundamental common-sense basis of ancient transportation. A galloping chariot from Naples to Rome cost more than a trotting one because horses had to be changed. Speed has always been saleable because time is money. Look at airplanes and dirigibles today!

The first competitors in extra fare rail transportation were the Pennsylvania and the New York Central. It was on the same old New York-Chicago run, then done for the first time in 26 hours 45 minutes. By 1893 the practice of extra fare charging had become classic, standardized, with 28 hours as the basic or normal running time between the cities. By 1897 an extra tariff of a dollar an hour for time saved was in vogue. By 1920 this wage of speed had increased to $1.20 for sixty minutes, two cents a minute, which is a lot more money than it looks like.

Where the roads technically run afoul of the law is that they cannot in practice universally charge even proportionate extra fares for the shorter hauls which go to make up the through runs. This inconsistency they show to be a purely theoretical one. The short haul within the long haul of a through train is merely a feeder to the points from which extra fares may be practically levied.

Edison's original laboratory, set up in Dearborn

World to Join Edison as He Re-Creates His Lamp

ONE of the most significant events in history will be re-enacted in its original setting and with the original actors when Thomas A. Edison, on the evening of Oct. 21 in Dearborn, Michigan, reconstructs the first electric lamp and makes the connection that causes it to light—just as he did exactly 50 years before.

This the aged inventor is expected to do, standing within the walls of his Menlo Park laboratory, now erected at Dearborn, as the climax of the celebration of "Light's Golden Jubilee." The event is sponsored by Henry Ford who arranged to perpetuate the surroundings and apparatus of the most fruitful years of Mr. Edison's life as a major part of his museum of Americana now arising in Dearborn. A party of electrical pioneers and leaders will attend the ceremony as the guests of Henry Ford.

The official program includes inspection of the Americana collection and a formal dinner in the early evening, to take place in the Edison Institute of Technology. President Hoover, it is expected, will address the dinner, speaking before a microphone in the White House study. Mr. Edison and Mr. Ford are also on the program. Owen D. Young is to act as master of ceremonies. The entire event will be broadcast.

Following the banquet, the group will go to the Menlo Park laboratory where Mr. Edison is scheduled to re-enact his famous experiment. This event, too, will be widely broadcast.

"Light's Golden Jubilee is planned as a celebration of electrical progress in the last 50 years as it is typified by the improvement and universal acceptance of the incandescent lamp from its invention in 1879," said Henry Ford. "But it is not that alone. I believe Mr. Edison would agree with me that the celebration should be taken, not as glorifying that which has been done in the past 50 years, but as indicating what will be done in the next ten. I say ten years, because in that period we shall see an advance as great as that made in the last 50 years. The world is just getting its momentum. Ideas accomplish themselves much more rapidly than they did even 25 years ago.

"The use of electricity is yet little to what it will be in the next ten years. Power is the center of industry. It is assuming an indispensable place in agricultural and domestic life. We have not yet fully realized that the function of the workman is to direct power, not to

This Stock Market Extraordinary---

Here is a "cause and effect" key to current stock price levels—an illuminating survey of the influence of recent economic developments on the stock market and on business.

New Levels in the Stock Market

By Charles A. Dice

Professor of Business Organization
College of Commerce and Journalism, Ohio State University
Author of "The Stock Market"

Chapter Headings

I. The Constructive Investor's Problem
II. The Stock Market Extraordinary
III. New Measures for the Old
IV. The McKinley-Roosevelt Boom and Its Consequences
V. The Stock Market as an Indicator of Business
VI. Have Stocks Struck a New Holding Zone?
VII. A New World of Industry
VIII. A New World of Distribution
IX. A New World of Finance
X. A New Banking System
XI. Interest Rates, Business and Security Prices
XII. Broker's Loans
XIII. The Day of the Small Investor
XIV. The Investment Trust Company
XV. The Investment Trust Company Securities
XVI. New Trend of Investments
XVII. A New Standard of Living
XVIII. Public Confidence in America

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▼

Lamp's By-Product May Eclipse Lamp

EXPERIMENTING on his first lamp, Edison discovered that a negative charge of electricity collected on an extra filament or plate introduced into the vacuum. He made a note of the phenomenon and, for years, it was known as "the Edison effect." Nothing was done with it for 20 years. Yet, in the end, it may prove to be more important than the lamp.

De Forest and other inventors used this early discovery of Edison to develop the three-element tube, or radio valve.

Home radio uses 75,000,000 vacuum tubes. Similar tubes are employed in broadcasting stations. Radio transmitters on ships and in shore stations depend upon vacuum tubes for operation. Long-distance telephone conversations are stepped up, from point to point, by vacuum tubes. The talking movies talk only because of "the Edison effect." Picture transmission uses the relay of the vacuum tube. Television would be impossible without it.

New uses constantly arise. The Theremin is the first of a new family of musical instruments sweet in tone and timbre—tones that are simply amplified harmonies of the tiny electrons pulsating in vacua.

Street traffic is controlled by vacuum relays which literally "see" a car approaching and set crossing signals accordingly. We can count passers-by; we can automatically select and grade cigars or peas by color, using vacuum tubes. Tubes comprise our most sensitive meters. Elevators are leveled at each floor by the unerring "eye" of a vacuum tube. Tubes serve as burglar alarms; they act as detectives in questioning criminals; they enable inquisitors to determine if the truth is being told.

In countless other ways, increasing in number almost daily, this by-product of Edison's invention of the electric lamp is finding uses which amply bear out the statement that it may revolutionize the world even more completely than did the electric lamp. Already, several new industries have been born of it.

Machines Count Out the Counters

WHILE the taking of next year's Federal census will call for about 25% more field workers, such as house-to-house enumerators, the task of compiling data will be done by about the same number of persons as in 1920. This last is because of improvements in office equipment of the Census Bureau. This part of the large organization for compiling the approaching census is now being set up. Much new and additional equipment is being acquired. Some new devices have been evolved for special operations in compiling data and several of those used in the past have been made more efficient. These advances, together with others in standard equipment such as typewriters and adding machines, will make it possible for the compiling work to be done by 10% to 25% fewer persons than if the equipment used were the same as employed ten years ago. And, Census Bureau folk say, the work will be done more quickly.

Since 1890 a system of machine tabulation by means of punched cards has been used by the bureau on the census of population, although not on the census of manufactures. The machine for making these cards—which takes the place of long rows of figures on sheets—has been so improved that an operator can turn out more cards per hour.

These cards are sorted by a machine which, at one operation, divides them into twelve classes at the rate of 380 to 412 cards a minute. These classes are according to items of information, such as color, nativity, age, etc. Then they go through an adding tabulator which adds according to positions of holes in the cards. It adds simultaneously six sets of numbers, the totals being automatically printed. These dispose of cards at the rate of about 150 a minute, and, at full capacity, adds 900 words a minute.

Since the last census was taken the Bureau has evolved an automatic gang punching machine for a task formerly done by hand only. It enables ten clerks to do what it took fifty to do by hand.

The Bureau expects to employ between 6,000 and 7,000 persons for general compiling of next year's census.

Enlargement of the Washington forces of the Bureau will begin about April 1, 1930, and will continue as needed. About 100,000 persons will be employed, for periods of two to four weeks, as enumerators in the field.

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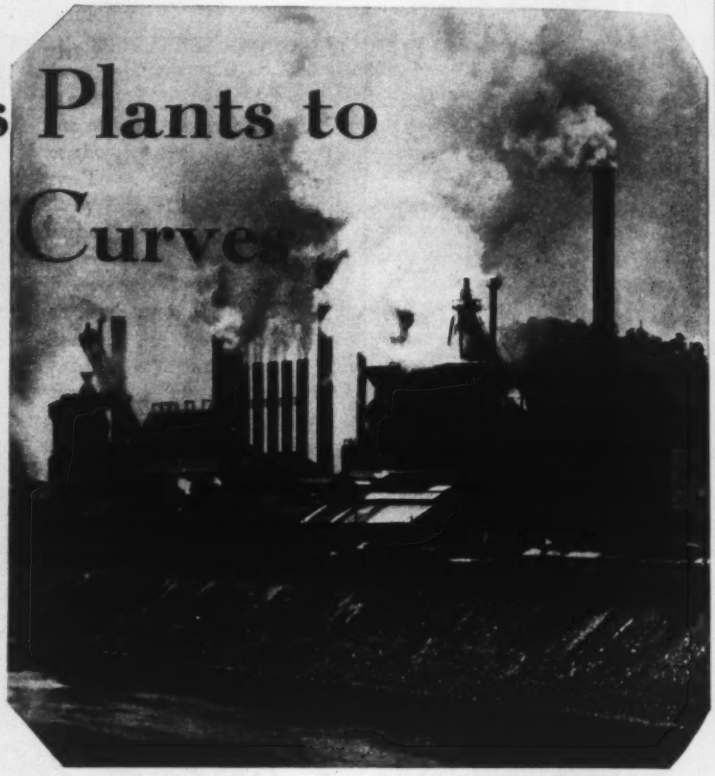

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DESPITE a mill capacity well above present demand, an immense expansion program is under way in steel. It is based on the research development of new steels and processes, and it seems intended to improve operating conditions rather than simply increase capacity. Many of the new mills are designed specifically to stabilize production, to help eliminate the peaks and valleys characteristic of the demands for basic steel and iron products.

Nearly all the steel districts are getting new furnaces and rolling mills. President James A. Farrell announces Illinois Steel will add 2,500,000 tons to its ingot capacity instead of 1,500,000 tons contemplated last year, thus raising Illinois' capacity by 37%. The earlier program included the H-beam structural and universal mill. Gary will get seven open hearths and the South Works fourteen, plus an alloy bar mill. The Interstate Steel Co. of Chicago, just acquired by Central Alloy (Eaton), is to make the alloy steels the big automobile steel maker of Ohio specializes in. Alloys come into Chicago with a bang.

Republic Iron & Steel, another Cyrus Eaton company, contemplates adding steel capacity to its blast furnace and coke plant at Birmingham, Ala., and possibly a pipe plant, to employ the Johnston welding process it uses at Youngstown. Gulf States Steel, nearby, is already installing at Gadsden a blooming mill, plate mills, hot mills, and the new continuous sheet process licensed by American Rolling Mills.

The home works of Republic, at Youngstown, recently started shipping pipe from its electrical welding plant; work is going forward on mills for larger sizes. At Warren, ten miles up the Mahoning River, it will spend $1,000,000 on a mechanical tubing plant, part of the general $10,000,000 program announced for Republic. Other additions

Great program under way to develop specialties whose production can be stabilized

in the valley are the strip mill of Carnegie Steel at its McDonald works and the $250,000 sheet installation of the Davey brothers' Empire Steel Co. at Niles. The Daveys are also adding two furnaces to their open hearth mill at Mansfield, O. and building up its finishing capacity 60%. Ohio Seamless Tube, at Shelby, with a large airplane material business, is spending $400,000.

Central Alloy, at Massillon and Canton, O., has laid out $600,000 for improvements. The largest addition in the Canton district is the tube mill Timken Roller Bearing is building two miles away from its main plant, just after putting in some new open hearth and electric furnaces at Canton. Follansbee is building a sheet mill on the banks of the Ohio at Toronto and Wheeling Steel Co. is expanding along the river at Steubenville. Bourne-Fuller at Cleveland is building an addition. Rumors of an entirely new steel works along the south shore of Lake Erie are still heard.

The Pittsburgh district, perennially rounding itself out, watches Jones & Laughlin building eighty-one by-product ovens at Aliquippa, A. M. Byers completing its $10,000,000 Aston process iron plant at Ambridge, and National Tube installing a new seamless mill at McKeesport. The National Tube budget totals about $20,000,000. Pittsburgh Steel is beginning a $2,000,000 by-product plant at Gibsonton, Pa., and American Sheet & Tin Plate will install continuous four-high mills at McKeesport and Monessen.

Bethlehem Steel is doing some expanding at Johnstown, Pa., and will add six open hearths at Sparrows Point. Donner, at Buffalo, recently purchased by Eaton's group in Cleveland, has land on which to round out its range of bar sizes.

The sprinting Detroit district, previously noted in these columns, is completing the Newton sheet mill (General Motors interest) at Wyandotte. The new National Steel Co., in which some automobile people hold stock, is building 400,000 tons of ingot capacity, together with rolling mills, at Ecorse near Ford's Rouge works and will rebuild its Zug Island blast furnace. Expansions in other districts include the tube mill the Laclede Steel Co. is building at the Alton works.

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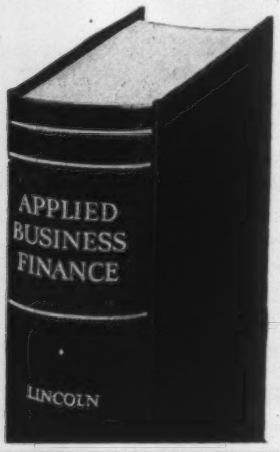

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"All the Service They'll Pay For"

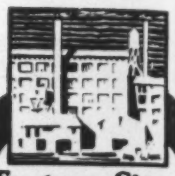
SERVICE, and still more service, all calculated to ease the pathway of the customer, was the watchword of Louis Bamberger during the thirty-six years in which he operated his department store, L. Bamberger & Company, of Newark, N. J. It is still his watchword, now that R. H. Macy & Company has bought his business and he is no longer in active control, and he believes that it will continue to be the watchword of the successful merchant. But it will have to be adapted to new conditions.

"Customers are always ready to pay for service," he told THE BUSINESS WEEK, "if it's the kind that appeals to them. And service will count in the future, as it has in the past. More use will be made of the radio, for actual selling, and then there is television. It's coming. It's bound to come. The day will come when a customer will be able to take up her phone at home ask to have goods shown to her, make her selection, and give her order without moving from her own home. Of course, that's a long while off. But it will happen. And the sooner the better."

Mr. Bamberger would not comment upon the competition of chain specialty shops, except to say that he does not regard inexpensive basement shops as the proper way to meet such a threat. The basement he looks upon simply as a practical method of operating a lower-priced and higher-priced store under the same roof.

"Of course, the growth of suburbs will affect department stores," he said. "I know that Marshall Field in Chicago is building up branches in the outskirts of Chicago. I consider that still in the nature of an experiment, but it is one way of keeping pace with suburban development. Here in Newark we have been close to that trend from the start. We have grown with all these towns around Newark by giving service, by becoming a part of the life of the community. A customer in any suburb around Newark can phone us at the rate for a local call. We pay the difference to the telephone company. The policy brings us business.

"But the thing that makes success is service to customers. I have always believed in service, and have tried to give it. I think all successes in the department store field will be built on that principle, variously applied."



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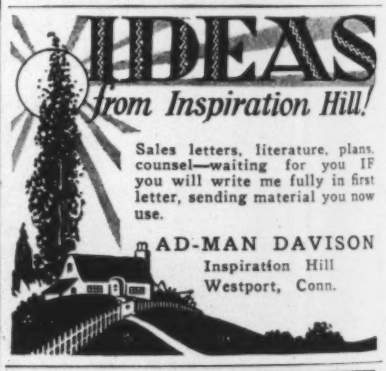

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Polo Field or Airport?

HALF WAY between the prow of Manhattan and the thick beam of Brooklyn lies a smallish, roundish, flat island. There are 175 acres of it, which is more than a quarter section of land. It has an excellent polo field. It is also just large enough and just flat enough, in fact just right in every way, for an airport. There are about six million people living around it, conveniently arranged on all sides of it, yet separated from it, so that they could profit by its conveniences as a sort of Air Central Station.

But there is a difficulty.

This island houses a general. He is a powerful general, especially in time of peace. He has the second best post on the map, and he may even prefer it to the capital, unless he fancies politicians and heat. During the late war it was his function to defend the metropolis against the invading German Empire. During the next conflict he will be occupied with what the British called Archie-firing at the poison-bomb droppers in the heavens above.

For the moment, his fortress is dilapidated in the real sense of that word; the stones of his castle walls have been dumped into the harbor and his landscape is mostly one of corrugated iron huts. Under threat of the recommendations of the Hoover fact-finding committee of 1927 the entire military-social hierarchy at Washington moved heaven and earth to get started on new barrack construction on the precious island retreat before the transformation into an airport could get through.

Today contractors are erecting nice imitation Colonial administrative offices and quadrangles of barracks so laid out that utilization of any part of the island for an airport will soon be impossible.

It appears that the War Department has its price, like every man. Its price for Governor's Island is said to be $40,000,000, just to be in line with real estate values on the opposite shores, a figure which provokes smiles from realtors who trade below Maiden Lane.

Mayoralty Candidate La Guardia of New York, functioning in his other rôle of Representative in Congress at Washington, introduced a bill during the recent session asking for an appropriation of only $2,500,000 to turn the island into an airport. Connecticut's Senator Bingham, champion of aviation, holds out no near hope. The turf on the polo field thickens and deepens.

ADVICE *to* HUSBANDS

whose wives are careless about money

By a Husband

I OFTEN wonder if my wife understands the value of money. When she goes shopping, she usually comes back without a cent.

I am not complaining — far from it. Helen is a wonderful wife and a wonderful housekeeper. But frankly, I don't believe she realizes how fast the dollars slip through her fingers.

I used to think, "What would become of us if we didn't get a little farther ahead financially? And what on earth would become of Helen and the children if anything ever happened to me?"

One day I told my worries to a friend. He listened carefully — asked questions. Then *he* began to talk.

How to end money worries

"Frank," he said, "you don't want to pay rent all your life. You hope to own your own home some day. And you want to quit work sometime, don't you?"

I nodded.

"Then do this. Write to the Phoenix Mutual in Hartford and ask them to send you a copy of a little book they have. It's called 'How to Get the Things You Want' and it tells how you can get rid of a lot of those money worries that are bothering you."

I followed my friend's advice. In a day or two I received a copy of one of the most interesting little books I have ever read. It explained how I could end my biggest money worries by simply rearranging my financial life slightly.

It described a plan, recently perfected by financial experts—a plan which would enable me to insure a comfortable future for myself and family.

It also showed me that our financial trouble was not due to *my wife's* carelessness. It was due to *my own* ignorance of a few simple financial rules.

Send for the facts

This story is typical. The book, "How to Get the Things You Want," tells how you can become financially independent—how you can provide an income to retire on—how you can do many other things which you may have felt were beyond the reach of your income.

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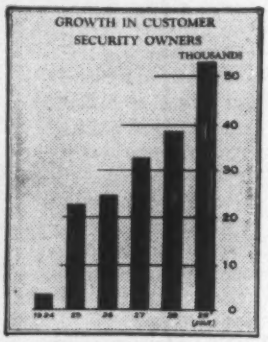

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Wide Reading

CONFLICT IN LEGISLATION RESPECTING RAILROAD RATES. Kenneth F. Burgess. *Harvard Business Review*, Autumn. The portent is disturbing when railroad regulation is measured by standards of the past.

OUR BIGGEST BUSINESS—CRIME. Richard E. Enright. *North American Review*, October. Get at the causes, modernize our views, reconsider the cost to business.

NEW MACHINES FOR OLD. George A. du Toit, Jr. *Factory and Industrial Management*, October. Machines become obsolete before they wear out. Unit cost to determine scrapping point.

WILL EUROPE AMERICANIZE HER WAGES? Lucien Laurat. *Living Age*, October 1. A radical Parisian sees malice in the Ford move to raise Europe's wage scale.

ARGENTINA'S COMMERCIAL AND INDUSTRIAL PROGRESS. Manuel Cambouri. *Commerce Reports*, October 7. Trends in Argentina's economic development; trade prospects with United States.

THE PRESIDENT'S SECRETARIES. Duff Gilfond. *New Republic*, October 9. A charming newspaper man, a respected congressman, and an excellent detective—who but Mr. Hoover could have allocated his work so efficiently?

WHAT SUGAR MEANS TO CUBA. Colonel J. M. Tarafa. *Review of Reviews*, October. Also, what Cuban sugar means to the United States.

THE POPULAR DOGMA OF LAW ENFORCEMENT. Walter Lippmann. *Yale Review*, Autumn. The respected author of "A Preface to Morals" speaks his mind on current topics.

COMMENTS ON WATER COMMUTATION. Charles H. Hall. *The Field*, October. Summary meditations of those who have sped all summer in their boats between office and country seat. Hints to the would-be commuter-by-water.

THE BREMEN ADVANCES THE CAUSE OF THE MODERNISTS. R. W. Sexton. *American Architect*, October. 75,000 people went to look and were impressed. What they saw, pictured, and its effect on architecture, analyzed.

OTHER GAMES FOR GOLFERS. Raymond Walters. *North American Review*, October. Five intellectual parallels to solace the devotee when weather prevents his major pursuit. Bridge and ping-pong *not* included.

BOOKS

THE NATURE OF THE PHYSICAL WORLD. A. S. Eddington. *Macmillan*, 353 pp., $3.50. A sightseeing tour of the universe under the guidance of a scientist who knows all the important stop-overs on the planets. Atoms, electrons, protons, myriads of starry nebulae pass and repass in rapid succession.

ACCOUNTING IN THE LUMBER INDUSTRY. H. W. Eckardt. Harper, 288 pp., $6. Complete book on accounting problems and procedure peculiar to America's fifth largest industry.

Bad Checks Increase 20 Per Cent Yearly

AN ebon gentleman wearing the air and the uniform of a Pullman porter bought a purple sack suit from a Des Moines clothier. The price was $35. When the splendid garment had been wrapped the customer fumbled inside his coat and produced a check.

"Da's my pay check," said he. "Jes' cash it and take out fo' de suit."

The merchant looked from the honest black face to the equally frank countenance of the check. It was of the necessary green complexion. The name Pullman Company was printed at the top in convincing Gothic. The amount was $95. It was payable to Robert Bartlet.

Fingers again fumbled inside the uniform coat. They emerged with a Pullman badge and a document. The paper proved to be an ornate certificate informing the world that Alvina Brown had been duly united in holy wedlock with Robert Bartlet. Both colored.

The merchant accepted the check. He had forgotten the transaction when he received a concise and convincing notice. The Pullman Company repudiated Robert Bartlet and his check. The paper was a fraud.

The clothier learned he was one victim among many. Gangs using counterfeit Pullman pay checks have secured $170,000 through these spurious porters. It is the only racket that uses negroes. And it is being worked every day. The green checks look so genuine, the broad black faces so friendly and guileless.

SUCH fake checks are counterfeited in modest print shops hidden on side streets. An operator known as the "scratcher" forges the name of the paymaster in the proper spot. The "layer down" takes the paper and sells it (for so much per check) to the "passer." It is the last who cashes in with credulous merchants. Pay checks of Bell Telephone companies and many other prominent concerns are counterfeited and passed in this same manner.

Surety companies class check frauds as the fastest growing crime in the country. Losses are estimated at $220,000,000 every year. The increase is about 20% annually. The type of scheme described above is practiced principally on small merchants and hotels.

There are reasons for the increase. Many states are making it harder and harder for the criminal with the gun. Payroll robberies continue, but the smart crooks are turning to paper schemes which pay better and are not so perilous.

You may pass forty bad checks, but as long as you hold down the amount to $10 for each you can only be tried for a misdemeanor. You can only be brought to trial on the highest single count. It is the law. Again, you cannot be extradited from one state to another unless the amount of a single fraudulent check is as much as $100. You may pass forty bad checks for $90 each without encountering that risk. Once more it is the law. With such generous loopholes, why should anyone stick up a bank cashier?

A POPULAR variation is the counterfeit travelers' check. These are printed on convincingly heavy stock, the engraving is as good as that on bank bills, they are covered with imposing serial numbers and signatures. Most of them are printed in green or yellow—suggestive of gold and silver certificates. They are made up in tabs and are countersigned when cashed after the manner of checks issued by the American Express Company, the American Bankers Association, Cook's.

If anyone ever presents to you a check of the Canadian Pacific Tourist Association and asks you to cash it, be not deceived by the lovely engraving which claims its value to be fifty dollars. Grab the hand that holds it and yell for the police. Half a million dollars has been paid out to grafters for these papers. The dear old Canadian Pacific has nothing to do with them. There is no such tourist association.

Use the same procedure if you ever encounter the checks of the following:

The American Travelers Association.

Oriental Tourist Association.

United Bankers Association.

They all look good and all are frauds. There are no such associations and if the check displays the name of some impregnable bank you may be sure the counterfeiting engraver borrowed it for the occasion.

FILLING stations suffer much from these deceptions. A man with a woman and perhaps a child, will drive

up and order ten gallons of gas. When the time comes to pay, he produces a fountain pen, countersigns one of the checks and receives the change. To the gas salesman the customer is a tourist who travels with this sort of check because he doesn't care to encourage banditry by toting real money. Many good travelers' checks have been cashed without loss. The fake one looks just as good.

Business runs on checks. There is so much honest paper that it is easy for impostures to get into the commercial stream. Shrewd grafters have adopted every mechanical safeguard to make their wares appear the more convincing. A Cleveland printing plant that recently was raided made a specialty of fine check counterfeits. In producing a fraudulent Bell Telephone check, seven plates were

What *thirty years* have taught me

"My boy, from now on you are going to run this business. It is yours to handle and to take the credit or criticism whichever is deserved. Remember one thing that thirty years have taught me — it is a cardinal principle. Keep the records of this business, the contracts, schedules, inventory statements, and other important papers in Fire Resistive Safes."

Sounder advice was never given by a retiring executive to his successor. If followed — fire, negligence and dishonesty will have no chance to destroy the heart of his business — its vital records.

Diebold Fire Resistive Safes are the most practical for any business, and every business should use them. They are made in various sizes and styles to meet all needs and carry the label of the Underwriters' Laboratories.

Take the advice of experience and send for our book, "Protection of Modern Business Records."

DIEBOLD SAFE & LOCK CO.
Canton, Ohio
Represented in Leading Cities in U. S. A. and Canada

Let us measure your degree of fire risk and recommend the proper safe.

DIEBOLD SAFE
ASK YOUR BANKER

employed which simulated almost exactly the safety paper marking, lithograph work and machine imprints.

WHAT is more convincing than a certified check? Observe how easy it is for the clever crook to twist confidence in such paper to his own use:

A Mr. Alex Morrison opened an account with a Buffalo bank. An accomplice using the name Le Moyne opened accounts in five other Buffalo banks. To create confidence, good checks were drawn against each account over a period of several weeks. Morrison then issued a certified check to LeMoyne for $2,700, almost his entire balance. The check was certified. Five exact copies were faked up—each bearing a counterfeit stamp and forged signature of the issuing bank official. One of these was deposited in each of LeMoyne's five banks. Le Moyne then drew from each bank $2,100. He was paid without question since he had deposited certified checks bearing signatures with which the tellers were familiar. Not satisfied with the $10,500 which they got from the five banks, Morrison took Le Moyne into the first bank and identified him so that he could also get money on the original check.

A SIMILAR racket was worked on ten institutions. The fake certification stamp and the forged signature were so cleverly executed that no one could determine which was the real check—that is, the legitimate which deserved to be cashed. The result was that the surety company protecting the banks had to stand the total loss.

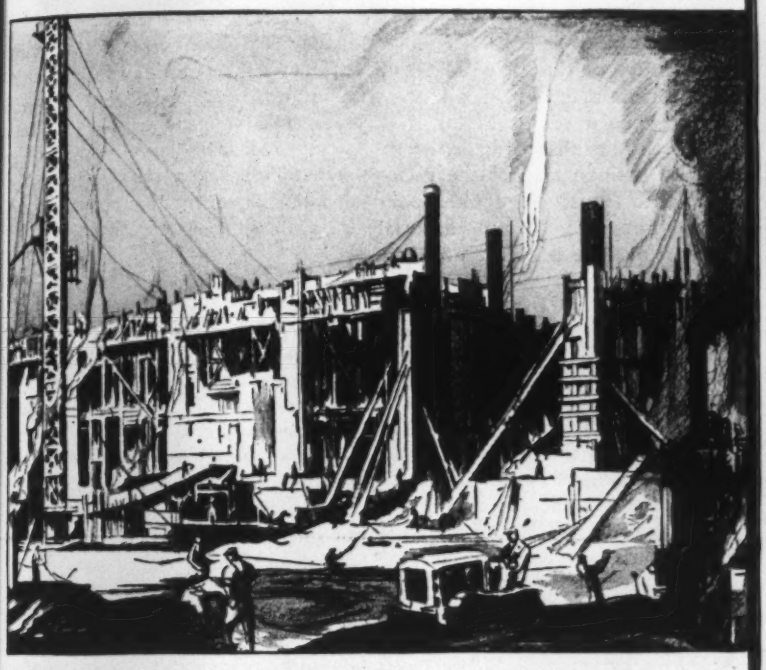
The National Surety Company is one of the few which will accept this coverage. Merchants and hotels are so susceptible that rigid regulations have been issued for these classifications. No merchant employing more than 30 persons will be so insured, and no hotel with more than 50 rooms. Also no check will be paid if drawn on a bank more than fifty miles distant. Two hundred dollars is the most that can be collected in a year. The premium is around $50. (In Kansas City the premium is $65, because the five penitentiaries nearby increase the risk of frauds.)

Eagerness for sales makes the small merchant an easy victim. He is afraid his prospect will trade with a rival if he refuses to cash the check. Surety companies have two don'ts for merchants:

Don't be too eager for a profit.

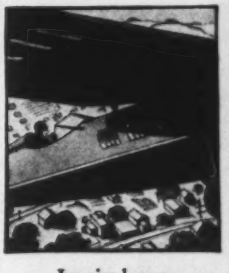
Don't cash any check unless you know the holder or unless he is identified by a person you know.

More *and still more* telephones for tomorrow

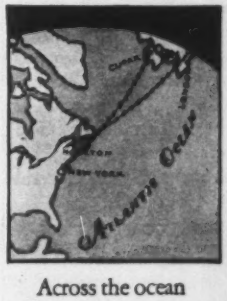


In homes

In offices



In airplanes



Across the ocean

This busy scene is typical of Western Electric growth at Baltimore, Chicago and Kearny, N. J. It is growth made necessary to provide telephone apparatus whenever and wherever needed.

Your voice starts new factories a-building

Day by day, the telephone becomes a more significant factor in social and business intercourse. As a means of communication on land and across the ocean, its use grows steadily and it is soon destined to become an accepted adjunct to travel in the air.

More and more equipment will be needed—telephones by the million, copper wire by the millions of miles, parts and accessories ranging from delicate springs to giant reels of cable, from the simple transmitter mouthpiece to the highly complex telephone switchboard.

To meet this program of expansion Western Electric's manufacturing facilities are being doubled. Huge additions to plants at Chicago and at Kearny, N. J.—a new factory at Baltimore—all this is evidence that however great the demand for telephones in 1930 or 1940, that demand will be satisfied.

Western Electric

MAKERS OF YOUR TELEPHONE

QUALITY THAT WINS AWARDS

The Equitable Trust Building chosen—by famous architects as the year's outstanding building achievement in New York—is equipped throughout with Circle A Partitions.

Thus quality was combined with quality—for so splendid was the workmanship and appearance of the Circle A Partitions that they too were judged the finest.

Nothing can surpass the rich dignity of these panelled walls of polished wood. Sectional and movable, they allow new office layouts almost overnight. (Many of the largest industrial concerns in the country use Circle A Partitions for their offices.) Some of the industrial users are: Pratt-Whitney, Westinghouse, Timken, Bell Telephone, Warner Gear, General Electric, etc. Write for details.

CIRCLE A PRODUCTS CORPORATION
682 South 25th Street, Newcastle, Indiana
New York Office
Farmers Loan and Trust Bldg., 475 Fifth Avenue, New York, N. Y.

CIRCLE A PARTITIONS
Sectional—Movable

TREND and TEMPO

By Robert R. Updegraff

NO recent bit of news has been more indicative of the increased tempo of business life than the announcement of a Pacific Coast edition of the *Wall Street Journal,* published in San Francisco. The business men of the Pacific Coast can no longer wait for the postman to bring an Eastern financial journal; it must be delivered while the ink is wet!

▼

I AM re-reading Walter Lippmann's latest book, *A Preface to Morals.* I am genuinely excited about this book. It strikes me as being one of the outstanding books of the decade. It is terribly disillusioning, of course, but I think Lippmann has succeeded in catching and crystallizing the moral and philosophical spirit of the times in a remarkable way.

▼

HERE is an interesting speculation: Do we, by virtue of modern speed of communication, and the application of so many minds to the interpretation of events in this age, appraise their significance so promptly that we shall not have many surprises in store for us when we get the perspective of history?

This thought came to me after reading a paragraph from an article by George S. Hellman in the *New York Times* in which he made the point that in his day Christopher Columbus caused no stir.

Said Hellman: "If at any time during the first years following the adventurous achievement of those three little vessels—the *Santa Maria,* the *Pinta* and the *Niña*—one had asked the great mass of the European people to state the outstanding event of the year 1492, hardly a person would have named that arrival at the Bahamas which the future was to prove so fateful. Most of the common people, in an epoch when sovereigns, feudal lords, clergy and merchants monopolized power and knowledge, were scarcely aware of America's discovery, unreferred to in any printed book until almost twenty years had passed. Even the dominant classes had but a faint idea of its importance."

My own feeling is that we are in an age when we tend to over-emphasize the significance of many things, though perhaps we balance this by an under-appraisal of the significance of some of the simpler phenomena.

▼

IT has been interesting to watch the development of the Grand Central Terminal as a shopping and service unit.

The traveler arriving at Grand Central may have his appendix removed, a tooth extracted, his will drawn, or a policy written on his life, without leaving the Terminal or one of its numerous connections. He may consult an architect, an interior decorator, a landscape gardener, an engineer of almost any kind, and any other sort of specialist of whose services he may be in need.

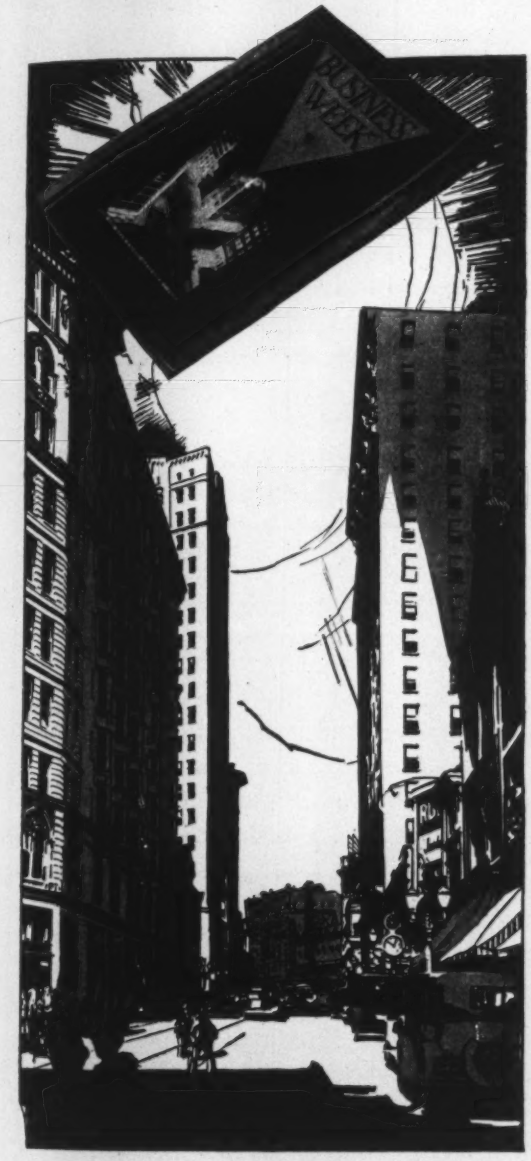
Or, if he wishes to shop for food, clothing, gifts, books, smokes or what-not, or to secure shelter, he will be served by one of the shops in the Terminal building, or one of the hotels connecting with it by underground passages.

The reason I mention this is because I am wondering if this compact shopping-and-service unit will not be duplicated at the airports of the future. . . . It is something that might well be kept in mind by those responsible for planning airports. It may be years before all of the shops and services will be required, but the planning should be done against a broad background of future needs.

Here, too, a leaf may be torn from the Grand Central Terminal book of experience. When the building was laid out in 1902, plans were laid for many years in advance. Stalls were built then that are only now coming into use as stores; but had they not been planned in 1902, the building would have to be ripped to pieces now to accommodate them, and altering such a building is both a costly and an inconvenient matter.

There will be no excuse for inadequacy of public services in the airports of tomorrow.

THE FACTOR THAT CREATED BUSINESS WEEK IS THE FACTOR THAT BRINGS ITS READERS TO ATLANTA



BUSINESS could not wait. Close, immediate contact with conditions was necessary. The old easy-going days had passed—so BUSINESS WEEK became a *necessity*.

The same is true of markets. Merchants used to buy today for delivery in six months, or longer. There was no rush; every store had a cellar full of reserve stock, and a nice supply of notes at the bank.

But today's cellars are bargain basements. Goods are rushed from the receiving room almost into the hands of waiting customers. The average store carries only a few days' reserve at most, and Turnover is King.

The beginning of hand-to-mouth buying dates the beginning of Atlanta as Distribution City to the South on a big scale. Great national concerns found that business was naturally gravitating to Atlanta, because of transportation facilities, because deliveries were quicker from here. So they opened factory branches—and volume picked up promptly.

In the past four years alone, 600 national houses have set up factory branches in Atlanta, from which to get their share of the new volume now to be had in the newly, but permanently, prosperous South.

The next step was logical, too. Operating out of Atlanta, these great concerns had the opportunity to observe the manufacturing economy of Georgia, and the Atlanta Industrial Area was soon dotted with branch factories.

Efficient labor, plentiful and cheap raw materials, low taxes, low-cost dependable power, equable climate and many other fundamental economies have made these branch factories more profitable than those in the older, more congested centers of industry. And with the distributive advantage of Atlanta location to expedite the sale of the goods thus made, their records have drawn others. A new production center is building here.

Send for this Booklet!

It contains the fundamental facts about Atlanta as a location for your Southern branch

We offer you the facilities of the Atlanta Industrial Bureau to collaborate with you in making a study to find out whether or not you can profit from Atlanta location. Without charge or obligation, and in the strictest confidence, this Bureau will report on conditions here in full detail, on your request. Write

INDUSTRIAL BUREAU, CHAMBER OF COMMERCE
9339 Chamber of Commerce Building

ATLANTA

Industrial Headquarters of the South

EDITORIAL PAGE

THE BUSINESS WEEK—A McGRAW-HILL PUBLICATION

Business Without a Country

IN going about its task of making a living, as in many other things, the world carries constantly on its back the corpse of many dead ideas. Once strong, creative, perhaps indispensable, these ideas have had their day and served their purpose. Yet business cannot rid itself of them. Beyond their time they weigh it down, keep its gaze to the ground, and impede its progress.

Nowhere does the incubus of these bear more heavily upon business than in its international relations. We know full well that self-sufficiency for any part of this globe has become practically impossible; that large parts of the world's population would starve in a week without international trade. Every day we see it become more difficult to distinguish the nationality of business, and the facts of international interdependence confront us at every turn of trade.

We pay ample lip-service to these facts with catchwords about international cooperation, saying business knows no boundaries and capital recognizes no country. But there is scarcely a concrete question of practical policy before us today that does not raise again the ghostly old illusion of economic isolation, and set it stalking through legislative halls and among newspaper columns.

Where customs duties are concerned, customers across a line on the map become competitors or even conspirators. Where immigration of labor or emigration of money are involved, workers over the seas are waiting to snatch the bread from our mouths. Capital that crosses the border becomes a traitor. The international bank is a suspected trap to seduce us from our financial independence.

Nearly every nation is hoping to lift itself to prosperity by its boot-straps, to sell to others without buying from them, to shut goods and labor out and keep money in.

This universal effort to make water run eternally up-hill is doomed to fail. Prosperity seeks its level and tends inevitably to distribute itself evenly among nations as it does within them. If it cannot do so through the interchange of goods and labor it does so through the diffusion of capital, which goeth where it listeth and will not be controlled.

In the face of multiplying obstructions to its free movement business is being forced to become non-national rather than international. To do business with and in other countries at all, it is more and more compelled to belong to none and to make itself a part of all. The desperate and delusive effort to domesticate and nationalize business is driving it from home, sending it wandering abroad, an exile without a country, a citizen of the world. For by its nature business is universal and free; it cannot be tied permanently to any nation's apron strings. It cannot be made to serve one nation alone. It exists to serve all mankind.

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